



Daily Report

China

FBIS-CHI-92-229
Friday
27 November 1992

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General

Foreign Ministry Spokesman Gives Weekly Briefing

Yeltsin To Visit 17-19 December

OW2611081292 Beijing XINHUA in English 0759
GMT 26 Nov 92

[Text] Beijing, November 26 (XINHUA)—Russian President Boris Yeltsin will pay an official visit to China from December 17 to 19, at the invitation of his Chinese counterpart Yang Shangkun, a Foreign Ministry spokesman announced today, calling the trip "a strong impetus" to Sino-Russian ties.

The spokesman Wu Jianmin made the remarks at a weekly press conference this afternoon, when asked to comment on Yeltsin's recent statement that China is "one of the priorities in Russia's foreign policy" and Sino-Russian relations were "entering a new era."

Calling Russia the biggest neighbor of China, Wu noted that the two countries' economies are "highly complementary" to each other, and there exist vast potentials for bilateral cooperation.

"We believe that president Yeltsin's forthcoming visit to China will be a strong impetus to the good-neighborly and friendly relations between the two countries based on the Five Principles of Peaceful Coexistence," Wu said.

This, he said, will not only be in the fundamental interests of the two peoples, but also conducive to the peace, stability and development of the Asia-Pacific region and the whole world.

No Sino-Russian Military Joint Ventures

HK2611150092 Beijing ZHONGGUO XINWEN SHE
in Chinese 0942 GMT 26 Nov 92

[Text] Beijing, 26 Nov (ZHONGGUO XINWEN SHE)—Chinese Foreign Ministry spokesman Wu Jianmin announced today that Russian Federation President Yeltsin will pay an official visit to China from 17 to 19 December at the invitation of Chinese State President Yang Shangkun.

The spokesman also announced this afternoon that Zou Jiahua, PRC special envoy, CPC Central Committee Political Bureau member and State Council vice premier, will go to Vientiane on 27 November to attend the funeral for Kayson Phomvihane, chairman of the Lao People's Revolutionary Party and president of the Lao People's Democratic Republic.

At the regular Chinese Foreign Ministry press briefing held today a reporter asked: In meeting with Chinese Foreign Minister Qian Qichen a few days ago, President Yeltsin said that China gets priority in Russia's diplomacy and that Sino-Russian relations are entering a new era. Have you any comment on this?

The spokesman replied: Russia is China's biggest neighbor and the two countries' economies are highly complementary to each other. It is believed that President Yeltsin's forthcoming visit to China will effectively promote further development of the good-neighborly and friendly relations between the two countries on the basis of the five principles of peaceful coexistence. This will be not only in the fundamental interests of the peoples of the two countries, but also conducive to peace, stability and development in the Asia-Pacific region and the whole world.

A reporter asked: Will differences between China and Russia on certain issues affect Yeltsin's visit to China?

The spokesman replied: Due to differences of social and political systems, historical and cultural traditions and stages of development between countries, it is only normal that there are differences between them on certain issues. The things that determine whether relations between two countries are good or bad are whether or not they have common interests and whether the two countries are handling things according to the five principles of peaceful coexistence. President Yeltsin also stressed a few days ago that differences between two countries on certain issues should not be allowed to hamper cooperation between them. This is also the consistent position of the Chinese Government.

A reporter asked: According to Western media reports, China and Russia are establishing, or have established, some military joint-venture enterprises [jun shi he zi qi ye 6511 0057 0678 6327 0120 2814]. Is this true?

The spokesman replied: Because of the complementary nature of China's and Russia's economies, there is enormous potential for further developing cooperation. Some media people are now paying greater attention to development in Sino-Russian military relations. But I think it is in the civilian field that cooperation between China and Russia will have a wider base. The spokesman said: I have never heard that the two sides will pursue any joint-venture enterprises in the military field.

On Patten's 'Futile' Bid for Support

OW2611093492 Beijing XINHUA in English 0912
GMT 26 Nov 92

[Text] Beijing, November 26 (XINHUA)—A Chinese Foreign Ministry spokesman today called Hong Kong Governor Chris Patten's bid to seek international support for his political reform futile.

Spokesman Wu Jianmin, asked to comment on Patten's overseas trips intended to gain international support for his political reform program for Hong Kong, reiterated that the Hong Kong issue is a matter between China and Britain before July 1, 1997, and will be purely an internal affair of China after that.

"It is inappropriate for any other country to make irresponsible remarks on this matter," he said at a weekly press conference this afternoon.

"Mr. Patten's recent efforts to seek international support by going hither and thither will be to no avail," he said. "The only way out is to return to consultation and cooperation as stipulated in the Sino-British Joint Declaration."

Notes Importance of Li Peng's SRV Visit

OW2611091692 Beijing XINHUA in English 0903
GMT 26 Nov 92

[Text] Beijing, November 26 (XINHUA)—A Foreign Ministry spokesman described here this afternoon the forthcoming visit to Vietnam by Chinese Premier Li Peng as "a very important one".

Wu Jianmin said at a news briefing that Premier Li's coming visit to Vietnam is a return visit to the one paid by Vietnamese high-level delegation last year, and it will also be the first visit by a Chinese premier to Vietnam in 21 years. [no open quotation marks as received] "It will be a very important visit," he added.

When asked about Premier Li's Vietnamese trip, Wu told reporters that during the visit the two sides will exchange views on bilateral relations and regional and international issues of common concern.

Noting much more attention the press has paid to the differences between China and Vietnam, Wu said that he would like to "emphasize that the common grounds between China and Vietnam are far more than differences and problems between them."

Concerning the Nansha [Spratly] Islands issue, Wu said, "I think the two sides might cover that issue during their talks. The Chinese side holds that the issue should be settled through consultations and in a peaceful way, and the Vietnamese side hold the same view."

China's position is that it has indisputable sovereignty over the Nansha Islands and, taking into account of the different views of the relevant countries, China has set forth the proposal of shelving their disputes and making joint exploitation, and the various sides can exchange views on this issue, the spokesman said.

Shows Concern Over Incidents in Germany

OW2611084392 Beijing XINHUA in English 0834
GMT 26 Nov 92

[Text] Beijing, November 26 (XINHUA)—China today expressed concern with "repeated series of xenophobic incidents" that have taken place in Germany.

"We are concerned with the repeated series of xenophobic incidents in Germany and condemn neo-Nazis' murdering of foreigners," Foreign Ministry spokesman Wu Jianmin told a weekly press conference this afternoon in response to a Chinese reporter's question.

Wan Li, Others Attend Science, Peace Week Opening

HK2411131892 Beijing RENMIN RIBAO in Chinese 9
Nov 92 p 1

[By Wang Xiangdong (3769 0686 2639) and Song Baojie (1345 1405 2638): "The Fourth China 'International Science and Peace Week' Opens in Beijing; Wan Li, Others Attend, UN Secretary General Ghali Sends Congratulatory Message"]

[Text] Beijing, 8 Nov (RENMIN RIBAO)—The fourth China "International Science and Peace Week" opened solemnly at the Great Hall of the People this afternoon, with Wan Li, Wen Jiabao, Yan Jici, Ni Zhifu, Lei Jieqiong, Song Jian, Ma Wenrui, Cheng Siyuan, Lu Jiaxi, and others present to extend their congratulations.

Entrusted by Zhou Peiyuan, president of the Chinese People's Association for Peace and Disarmament, Zhu Guangya, chairman of the China Association for Science and Technology, delivered an address at the opening ceremony. UN Secretary General Boutros Boutros Ghali sent a message of greeting to China's fourth "International Science and Peace Week." Big-scale comprehensive commemorative and propaganda activities with "promote science, rejuvenate the Chinese nation, safeguard peace, and contribute to mankind's welfare" as their objective and "love the motherland, science, and peace" as its main theme were thus initiated in Beijing, Shanghai, Shenzhen, Wuxi, Benxi, and other places.

On 6 December 1988, the 48th UN General Assembly passed a resolution declaring the week of 11 November of each year "International Science and Peace Week" and requiring all member states to hold corresponding activities during this week to publicize the important role of scientific and technological progress in safeguarding world peace and promoting the progress of human society and economic growth, and encourage both scientists and people to strive toward constructive goals.

Up to now, China has successfully held commemorative and propaganda activities to mark "International Science and Peace Week" for three successive years. This year's activities are quite abundant, with 45 special topics. Representatives from hundreds of scientific research institutes and enterprises as well as university students from around the country will take part in the "Sino-Japanese Medical Convention and Exposition" as well as all kinds of friendly gatherings, academic symposiums, a science and peace library, movie festivals, and forums.

At today's opening ceremony, leading comrades concerned gave out awards to the winners of the "Chinese university students' invention awards for applied science and technology" and their teachers.

United States & Canada

Decline of U.S. High-Technology Industry Viewed

OW2711061492 Beijing XINHUA Domestic Service in Chinese 0304 GMT 25 Nov 92

[Text] Beijing, 25 Nov (XINHUA)—Silicon Valley in the United States enjoyed considerable fame at one time, but now it is like the setting sun. This is not an isolated phenomenon; it marks a decline in the U.S. high-technology industry.

The high-technology industry is the sharpest weapon in international competition among advanced countries, the most powerful lever in maintaining their economic development, and the most important factor in raising the people's standard of living. Owing to the decline of the high-technology industry in the United States, the majority of Americans now suffer from a fall in their actual wages.

Recently the General Accounting Office under the U.S. Congress released an investigative report it made on the situation in the 1980's in 11 major categories of the U.S. high-technology industry. According to its findings, with the exception of pharmaceutical products, the United States' share of the world market in the remaining 10 categories has dwindled. The 10 categories include semiconductors, semiconductor equipment, supercomputers, telecommunications, fiber optics, robotics, household electronic products, civil aircraft, advanced materials, and supporting manufacturing systems. Among them, household electronic products and robotics suffered the most serious setbacks. As of the mid-1980's, U.S. imports of household electronic products far outstripped exports. Since the mid-1980's, the U.S. electronics industry has annually lost 3 percent of its share of the world market.

Japanese supercomputers and European "airbuses" are pressing hard in their bid to usurp the U.S. share of the world market. Moreover, the U.S. iron and steel industry—which was the most advanced in the world—has been slipping over the past 10 years, while its automobile industry is also besieged on all sides.

In the face of the decline of the U.S. high-technology industry, Democratic Senator Lloyd Bentson of Texas said: "The General Accounting Office's report poses one of the most severe challenges faced by our country. If our economy intends to offer well-paid jobs to Americans in the next few generations, then we must regain our competitive edge in this field."

The eclipse of Silicon Valley in the field of high-technology marks an overall decline of the U.S. high-tech industry. This will be followed by the waning of the household electronic products manufacturing industry, and then will spread to a large number of electronic products made in mass production but with low economic returns such as facsimile machines, printing machines, and duplicating machines. Thus it will shake

the foundation of the U.S. high-technology industry. In the past, the United States had almost swept the world market in semiconductors; now it has fallen to a 40 percent share of the market, while Japan's share has increased to 50 percent.

The key factor leading to the decline of the U.S. high-technology industry lies in U.S. companies having become obsessed with the desire for gain, and thus committing strategic errors. (Ian Ross), honorary president of the U.S. AT&T Bell Laboratory, said: Since U.S. companies are wont to use cheap labor and components from foreign countries as a means to lower their costs, they no longer make heavy investments to equip their productive—but low-efficiency—industrial sector—with advanced electronic products. They do not realize this sector is precisely the base that props up the high-technology industry. For instance, microtelevision represents the driving force of technology; digital audio tapes are the vanguard of storage technology; and laser discs give impetus to the development of laser technology and processing of data signals, as well as optical storage technology.

What are the prospects for the U.S. high-technology industry? Ross is not optimistic in this regard. He said: If U.S. high-technology continues its decline and loses its base, then most probably the American people will be compelled to revert to their natural resources, to agriculture, and to the state of low-paid labor service.

Officials Meet Canadian Visitors

OW2511142692 Beijing XINHUA in English 1359 GMT 25 Nov 92

[Text] Beijing, November 25 (XINHUA)—Liu Shuqing, president of the Chinese People's Institute of Foreign Affairs (CPIFA), met with a visiting group of Canadian parliament members here this morning.

During the meeting, Liu briefed the Canadian visitors on China's reform and opening, and its economic construction. The two sides also exchanged views on furthering the ties between the two countries.

This afternoon, Chinese Vice-Foreign Minister Liu Huaqiu also met with them. Liu expressed the hope that more Canadian parliament members would come here and know more about China.

The group, headed by William Vankoughnet, member of the House of Commons of Canada, arrived here yesterday as CPIFA's guests.

Central Eurasia

Foreign Minister Qian Wraps Up CIS Visit

Received by Acting Premier Gaydar

OW2611030792 Beijing XINHUA Domestic Service in Chinese 0056 GMT 26 Nov 92

[By reporters Wan Chengcai (8001 2052 2088) and Huang Huizhu (7806 1979 3796)]

[Text] Moscow, 25 Nov (XINHUA)—Russian Acting Premier Gaydar said: Russia is studying ways to adjust its economic structure, and this will benefit Russian-Chinese economic and trade relations. The Russian and Chinese economies can complement each other and supply each other's needs. Therefore, we should create favorable conditions to activate Russian-Chinese economic and trade relations.

Gaydar made the above remarks this afternoon during a meeting at the Administrative Building with visiting Chinese State Councillor and concurrently Foreign Minister Qian Qichen.

The Russian acting premier added he had discussed the Chinese foreign minister's visit with President Yeltsin, and the president was satisfied with the state of Russian-Chinese relations. Noting rapid growth in bilateral trade, Gaydar expressed the belief that greater results can be achieved through joint efforts.

Gaydar said Russia attaches great importance to China's experiences in reform; Russia's reform has entered a new stage.

Noting fruitful results in the development of friendly relations between China and Russia in 1992, the Chinese foreign minister said: Premier Li Peng met with President Yeltsin at the UN Security Council earlier this year. President Yeltsin's visit to China later this year will push relations between the two countries to a new height.

Qian Qichen pointed out: The volume of Sino-Russian trade in the past year has already surpassed the level of trade with the former Soviet Union, symbolizing bright prospects for developing bilateral relations. In view of the economies' relatively strong mutual complementarity, the two countries should be able to further develop their economic and trade relations so long as they improve transportation and perfect economic laws and regulations.

During the meeting, the two sides exchanged views on improving highways, railways, aviation, and other aspects of transportation between the two countries; they agreed that only when the transportation problem is resolved can economic and trade relations between the two countries expand smoothly and in depth.

As regards China's reform, the foreign minister said: Reform has proceeded according to actual conditions in the country. We advocate the exchange of experience but not the copying of other's experiences.

The two sides also discussed concrete matters related to President Yeltsin's visit to China.

Russian Deputy Premier Shokhin and the Chinese foreign minister's entourage, including Chinese Ambassador to Russia Wang Jinqing and the foreign minister's assistant Dai Bingguo, were present at the meeting.

Discusses Trade With Gaydar

OW2511172192 Beijing XINHUA in English 1651 GMT 25 Nov 92

[Text] Moscow, November 25 (XINHUA)—Russian acting prime minister, Yegor Gaydar, said today that his nation was studying to adjust its economic structure, noting this would benefit Russian-Chinese economic and trade relations.

During a meeting with visiting Chinese State Councillor and Foreign Minister Qian Qichen, Gaydar said Russian-Chinese economic relations should be much activated because of their economies' mutual complementarity.

Both Gaydar and Qian agreed that the bilateral economic and trade ties would be furthered only after the transport issue was resolved.

The two men also discussed the agenda of President Boris Yeltsin's visit to China next month.

The Chinese foreign minister arrived here Tuesday for a three-day official visit following his tour to Kazakhstan.

Russia is Qian's last stop on a four-nation trip to the Commonwealth of Independent States. The other two stops were Uzbekistan and Kyrgyzstan.

Meets With Supreme Soviet President

OW2511211492 Beijing XINHUA Domestic Service in Chinese 1505 GMT 25 Nov 92

[By reporters Wan Chengcai (8001 2052 2088) and Huang Huizhu 7806 1979 3796]

[Text] Moscow, 25 Nov (XINHUA)—Russian Supreme Soviet Chairman Khasbulatov met with Chinese State Councillor and Foreign Minister Qian Qichen on the afternoon of 24 November at the Parliament Building.

During the meeting, Khasbulatov said: Russia is attentively following China's achievements in reform and opening to the outside world. The Russian president, Supreme Soviet, government, and people attach importance to maintaining friendly and cooperative relations with the great country of China. Khasbulatov also pointed out the need for restoring and deepening good bilateral relations based on equality and mutual benefits. Russia attaches importance to cooperation between the two countries in various fields, including the area of economics and cooperation between the parliaments of the two countries.

Foreign Minister Qian Qichen said that, since the beginning of the year, China and Russia have constantly developed bilateral relations, adding that China is satisfied with the progress achieved. In addition, exchanges between the two parliaments have gotten off to a good start. He added that China is preparing for and looking forward to President Yeltsin's visit to China.

Foreign Minister Qian Qichen also said that China's National People's Congress is willing to develop relations with the Russian Supreme Soviet in various fields. The Chinese side holds the view that different levels of exchanges between the Chinese and Russian legislatures will help enhance the friendship between the people of the two countries and help promote the development of bilateral relations.

Khasbulatov briefed his Chinese guests on the Russian parliament and preparations for the upcoming Seventh Congress of People's Deputies. Parliamentary Speaker Khasbulatov also agreed to further develop relations between the parliaments of the two countries.

Meets With Counterpart Kozyrev

OW2511173792 Beijing XINHUA Domestic Service in Chinese 1436 GMT 25 Nov 92

[By reporters Wan Chengcai (8001 2052 2088) and Huang Huizhu 7806 1979 3796]

[Text] Moscow, 25 November (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen held talks with Russian Foreign Minister Kozyrev this morning. Following the meeting, both foreign ministers signed a draft document forming the basis for Sino-Russian relations. The final formal document is to be signed during President Yeltsin's visit to China.

Kozyrev warmly welcomed Qian Qichen's visit to Russia, calling his 24 November meeting with President Yeltsin a very important session. Foreign Minister Qian said his 24 November talks with President Yeltsin had far-reaching and important significance.

Today, both sides discussed the details of preparing for President Yeltsin's visit to China. They then discussed the documents that will be signed during President Yeltsin's visit to China and other arrangements related to his activities in China.

Kozyrev said that President Yeltsin's visit to China will be a very important diplomatic event which will have major significance to both bilateral relations and world stability. He also said he appreciated China's preparatory work related to the visit.

On the situation in Central Asia, Kozyrev said Russia will make every effort to maintain stability of Central Asia. Qian Qichen said China is very much concerned about the region's stability. Moreover, China would like to develop economic cooperation with Russia and Central Asian countries and improve communications to bring about the region's further economic development.

During the talks, both sides also exchanged views on international issues of common concern. They held identical or similar views on those issues discussed.

Signs Draft Agreement on Ties

OW2511130192 Beijing XINHUA in English 1240 GMT 25 Nov 92

[Text] Moscow, November 25 (XINHUA)—Russian Foreign Minister Andrey Kozyrev said here today that Russian President Boris Yeltsin's coming visit next month to China would be important for Russian-Chinese relations and for global stability.

Speaking with visiting Chinese Foreign Minister Qian Qichen, Kozyrev said he appreciated China's preparations for Yeltsin's visit.

On the situation in Central Asia, Kozyrev promised Russia would make every effort to guarantee the stability of Central Asia.

Qian told Kozyrev China was concerned about the situation in Central Asia. China, moreover, would like to further its economic cooperation with Russia and Central Asian countries to help develop the area.

After the meeting, both foreign ministers signed a draft document forming the bases of a Sino-Russian relationship. The final formal document is to be signed during Yeltsin's visit to China.

At a press conference after the meeting, Qian said both sides had decided to strengthen links and to guarantee a stable and peaceful Central Asia.

The Chinese foreign minister arrived here Tuesday [24 November] for a three-day official visit following his visit to Kazakhstan.

Russia is Qian's last stop on a four-nation trip to the Commonwealth of Independent States. The other two stops were Uzbekistan and Kyrgyzstan.

Discusses Kozyrev Talks

OW2511183492 Beijing XINHUA Domestic Service in Chinese 1437 GMT 25 Nov 92

[By reporters Wan Chengcai (8001 2052 2088) and Huang Huizhu (7806 1979 3796)]

[Text] Moscow, 25 Nov (XINHUA)—Foreign Minister Qian Qichen today stated that China and Russia have agreed to enhance bilateral contacts and to make Central Asia a region of peace and stability.

Qian Qichen made these remarks to reporters following his talks with Russian Foreign Minister Kozyrev.

Qian Qichen also noted that he and Kozyrev discussed his visits to Uzbekistan, Kyrgyzstan, and Kazakhstan. He added that, during those visits, he told the leaders of the three Central Asian countries that, as a neighboring country, China wants to develop economic and trade relations with them.

Qian Qichen said that China understands the Central Asian nations' diverse ties with Russia because they are

all members of the CIS. He added that both China and Russia share common concerns in helping maintain stability in Central Asia and in bringing economic prosperity to the region. He pointed out the fact that Central Asia is a main thoroughfare that links Europe and Asia.

Qian Qichen concluded by saying he and Foreign Minister Kozyrev had agreed during their talks to increase contacts between China and Russia and to make Central Asia a region of peace and stability.

Holds News Conference

OW2711031492 Beijing XINHUA in English 0257
GMT 27 Nov 92

[Text] Moscow, November 26 (XINHUA)—Chinese Foreign Minister Qian Qichen said today that China would promote its relations with the CIS nations in Europe on the basis of mutual respect.

Qian said in a press conference here that the Commonwealth of Independent States (CIS) in Europe are interested in developing relations with Asian and Atlantic countries. It is also possible for China to conduct cooperation with them in all fields.

China has already started economic and trade cooperation with these countries, he added.

Speaking of Sino-Latvian relations, Qian said that, at the time of establishing of diplomatic relations, Latvia promised that it would only maintain unofficial trade relations with Taiwan and recognize only one China, that is, the People's Republic of China.

However, Latvia established consular relations with Taiwan later, violating the communique on the establishment of diplomatic relations between the two countries, he said.

China can not resume its full relations with Latvia in the present circumstances, he said, adding his government hopes Latvia to change its stance. [sentence as received]

In February this year, China suspended its relations with Latvia and withdrew all its embassy staff in Riga, when Latvia and Taiwan forged consular ties.

Qian, also state councillor, expressed deep concern over U.S. arms sales to Taiwan, saying it may create unstable situation in the region.

The Chinese minister ended his three-day official visit to Russia today, last stop on his four-nation tour. He had already toured Uzbekistan, Kyrgyzstan and Kazakhstan.

On Arms Sales With CIS

OW2711061892 Beijing XINHUA Domestic Service in Chinese 0351 GMT 27 Nov 92

[By correspondents Wan Chengcai (8001 2052 2088) and Huang Huizhu (7806 1979 3796)]

[Text] Moscow, 26 Nov (XINHUA)—Qian Qichen, Chinese state councillor and foreign minister, told a news conference at the Russian Foreign Ministry press center at the end of his visit today that his trip to Russia was very successful and that he is satisfied with the results of his visit.

He said: The principal achievement of this visit was the completion of final preparations for the Russian president's visit to the PRC 17-19 December and the initialing of the political document guiding Sino-Russian relations, which will be officially signed during the Russian president's visit to the PRC. Sino-Russian relations are developing steadily, and President Yeltsin's visit to the PRC will usher in a new stage in bilateral relations.

When a Russian reporter asked whether there are differences between the PRC and Russia and what the prospect of relations between the two countries is, Qian Qichen replied: As two large countries, the PRC and Russia are likely to have many differences, and there may be some problems [dang ran hui you xu duo cha yi, hui chun zai yi xie wen ti]. This is an objective fact. However, such differences should not hamper the development of relations between the two countries. If the two countries can follow the principles for state-to-state relations—such as mutual respect, noninterference in each other's internal affairs, cooperation on the basis of equality and mutual benefit, and refraining from hegemonism and power politics—then the PRC and Russia can coexist peacefully and develop together.

Qian Qichen said: Russia's trade with other countries has declined this year, while its trade with the PRC has increased. The trade volume between the two countries is even larger than between China and the former Soviet Union. This shows the prospect of trade and economic relations between the two large neighboring countries is very good. As for the political aspect, Russia is the PRC's largest neighboring country. The two countries should maintain normal state-to-state relations, which should neither be confrontational nor allied but rather good-neighborly, equal, and mutually beneficial. This is of positive meaning to the peoples of the two countries, to the Asian and Pacific region, and to the entire world.

When a reporter from the "Ukraine Youth News" asked about the PRC's relations with Ukraine and the other republics of the former Soviet Union located in Europe, Qian Qichen said: Although these countries are geographically far away from the PRC and understandably focus on Europe in their external relations, they are also interested in developing relations with countries in the Asia-Pacific region. We believe the PRC has the conditions to cooperate with these countries in various fields. The PRC and these countries have begun to promote bilateral trade and economic relations.

When an AP reporter mentioned the United States has expressed concern over the PRC's purchase of weapons from Russia and asked whether the PRC can guarantee it

will not create instability in the Asia-Pacific region, Qian Qichen said: There were no discussions on arms procurement during this visit. The PRC relies on its own production of weapons. Although it purchases some weapons, the volume is very small and no country should worry about this. He pointed out: Actually, U.S. arms sales to Taiwan have caused concern among people as it may create an unstable situation in the region.

Speaking about Sino-Latvian relations, Qian said: At the time of the establishment of diplomatic relations between the PRC and Latvia, an agreement was reached between the two countries that Latvia would only maintain unofficial trade relations with Taiwan and recognize only one China, namely the PRC. However, Latvia later established consular relations with Taiwan, violating the communique on establishing diplomatic relations between the two countries. The PRC cannot establish full diplomatic relations with Latvia before this question is resolved. The PRC hopes Latvia will change its stand. Latvia can establish unofficial trade relations with Taiwan; however, it cannot establish official relations with Taiwan.

Foreign Minister Qian Qichen answered other questions raised by foreign reporters.

Discusses CIS Visits

OW2711102692 Beijing XINHUA Domestic Service in Chinese 0512 GMT 27 Nov 92

[Interview with Foreign Minister Qian Qichen by correspondents Wan Chengcai (8001 2052 2088) and Huang Huizhu (7806 1979 3796); place and date not given]

[Text] Moscow, 26 Nov (XINHUA)—During an interview with reporters today after his visit to the CIS countries of Uzbekistan, Kyrgyzstan, Kazakhstan, and Russia, Qian Qichen, Chinese state councillor and foreign affairs minister, expounded the PRC's principles for developing relations with CIS countries, as well as the influence which the development of PRC-CIS relations will have on the international situation. The questions and Foreign Minister Qian's answers are as follow:

[Correspondent] Foreign Minister Qian, what are your impressions concerning your first visit to the four CIS countries?

[Qian] The three central Asian Republics have been developing their foreign relations very rapidly, even though it has been less than one year since they declared their independence. They are now in the process of seeking their own roles, finding their positions, and drawing up their own foreign policies. While these countries have declared their political independence, economically they have hardly changed the systems which were set up when they were part of the Soviet Union. Meanwhile, they and Russia are dividing the work for economic planning in the former Soviet Union. I think these countries' current economic problem is how to

satisfy the daily needs of their peoples and not privatization and a market economy. For example, Uzbekistan's principal products are cotton and gold. Kazakhstan has had a rather strong foundation in space technology, heavy industry, and the mining industry, but in the sector of light industry, it used to depend on Russia to supply the daily needs of its people. The problem they face now is one of readjusting their production structures so that, instead of serving the entire Soviet Union, as in the past, they can satisfy their own needs. This will take time.

Russia is in a different situation. The Russians have different views among themselves with regard to the speed and methods for reform, and they are seeking solutions. The general impression these four countries have given me is that they all are willing to develop relations with the PRC, including personal friendships, closer economic cooperation, and political ties. This general trend can be explained by President Yeltsin's forthcoming visit to the PRC and the visits that have been made to the PRC by the leaders of many CIS countries in the past.

[Correspondent] What do you think are the advantages, main problems, and prospects which the PRC has in developing economic cooperation and trade relations with the four countries you have visited and other CIS countries?

[Qian] I feel the best advantage is that all these countries are our close neighbors. With the exception of Uzbekistan, the other three countries share the same border with us.

There are two main problems. The first one is communications. Although the PRC and these countries are close neighbors, we lacked contacts for a long time. In the period of the former Soviet Union, Central Asia was sealed off from the outside world, so they had no direct contacts with us, even though we are next-door neighbors. However, the necessary conditions have already been created. We already have railway, highway, and air communications, even though this is only the beginning. The second problem is mutual adaptation. Since the PRC did not have economic relations or trade ties with Central Asian countries, we do not understand one another and did not know just how things should be done. The development of relations became active some six months ago, so we can say that we have taken the first steps. Some successes have been achieved, but there have also been many problems. This is still an experimental period for both sides. Some projects have been successful, some have failed, and some are not very satisfactory. While it takes time to understand one another and to adapt to one another, we must also draw up some adaptive measures. Problems are inevitable during this experimental stage, but the prospects for developing economic relations and trade with these countries are still good, nonetheless.

[Correspondent] President Yeltsin said during a meeting with you that ideological differences should not hinder the development of Sino-Russian relations. What is your view on this?

[Qian] We have always maintained that ideological differences should not obstruct the development of relations. President Yeltsin's remarks mean the same thing. The PRC has always maintained that differences and similarities in ideologies, social systems, value concepts, and cultural traditions should not obstruct the development of interstate relations. Interstate relations should be based on the following principles: Politically, relations should be based on peaceful coexistence, mutual respect, good neighborliness, and mutual noninterference in each other's internal affairs; and economically, actual economic contacts and cooperation should be conducted on an equal footing. This is beneficial to both sides. We should say that Sino-Russian relations can develop very successfully since we share the same understanding.

There are invariably some people in this world who think that uniformity is the best. This world is diverse. Countries differ greatly from one another. There are all kinds of ideologies, religious beliefs, and national cultures, and countries differ greatly in terms of social systems and methods for development. We must respect this objective fact so that we can coexist peacefully and achieve common development in such a diverse world. Thus, there should be norms governing interstate relations, namely the five principles for peaceful coexistence.

[Correspondent] What influence do you think the development of PRC-CIS goodneighborliness and cooperation will have on the international situation?

[Qian] The PRC and the Soviet Union used to be allies, and we also had a long period of confrontation. Our future relations with Russia and other CIS countries will neither be an alliance nor a rivalry, and only relations as such are normal. It is unnecessary and impossible to reinstate the alliance, because that will not be in the interests of the international situation. Another confrontation is also not in the interest of the world situation. The maintenance of goodneighborly, equal, reciprocal, and cooperative relations between the PRC and the CIS countries will have constructive effects on the world situation. We hope there will be a stable world situation because that is good for reform, opening up, and economic construction. The establishment of such normal relations between the PRC and Russia is also conducive to regional and world stability.

Discusses Economy, Trade Relations

OW2711050892 Beijing XINHUA in English 0450
GMT 27 Nov 92

[All quotation marks as received]

[Text] Moscow, November 26 (XINHUA)—Chinese Foreign Minister Qian Qichen gave an exclusive interview to the XINHUA NEWS AGENCY on Friday [27 November].

Qian, who is also a state councillor, granted the opportunity at the end of his visit to four countries of the Commonwealth of Independent States (CIS)—Uzbekistan, Kyrgyzstan, Kazakhstan and Russia.

Qian said, economically speaking, the problem for the three central Asian states was how to turn their economy to meet the needs of the daily life of their peoples.

"The three republics have achieved rapid progress in the field of foreign relations less than a year after their independence," he said, "but the old economic systems are not easy to change, which they set up under the economic plan of the former Soviet Union on the division of work with Russia."

"So the current economic problem of these countries lies not in privatization and market economy but on how to adjust their old industrial structures to satisfy the daily needs of their peoples."

Qian said: "Russia is in a different situation from that of the three central Asian republics, and Russians don't agree among themselves about the speed and ways of reform and are searching for better resolutions."

When asked what were the advantages, main problems and prospects of Chinese trade relations with the four countries, Qian said the greatest advantage was that they were all China's neighbors and three of them—Russia, Kazakhstan and Uzbekistan—had common borders with China.

There were two main problems, he said. One was transport and the other was mutual adaptation.

"In the period of the former Soviet Union, central Asia was sealed off from the outside world, so there were no adequate exchanges. Now we have just got some railway, road and air transport.

The exchange is now in an experimental period, so some failures are inevitable. We all have to take some measures to adapt. The prospects for relations with these countries are good, he said.

Asked to comment on Russian President Yeltsin's statement that ideological differences should not become a hurdle in the development of Sino-Russian relations, Qian said he agreed with the president.

The world itself is quite colorful and countries are the same, he said, if we want to develop peacefully, we have to respect this fact.

"With this common understanding, Sino-Russia relations will have a bright future," Qian predicted.

Asked about the influence of Chinese relations with the CIS on the international situation, Qian said they would have a constructive effect on the world.

"China's relations with CIS are neither alliance nor rivalry, as they were in the past with the Soviet Union."

"The maintenance of good-neighborly, equal and mutually beneficial cooperation between China and the CIS states will affect the world situation constructively," Qian said.

Leaves for Beijing

OW2611214892 Beijing XINHUA in English 2118
GMT 26 Nov 92

[Text] Moscow, November 26 (XINHUA)—Chinese Foreign Minister Qian Qichen ended his three-day official visit to Russia and left for home today.

During his visit, Qian met with Russian President Boris Yeltsin, Supreme Soviet President Ruslan Khasbulatov and acting Prime Minister Yegor Gaydar.

He also held talks with his Russian counterpart Andrey Kozyrev. They exchanged views on bilateral ties and international issues, made final preparations for Yeltsin's forthcoming visit to China next month.

Russia is Qian's last stop on a four-nation trip to the Commonwealth of Independent States following Uzbekistan, Kyrgyzstan and Kazakhstan.

'New Stage' of Sino-Russian Relations Viewed

HK2611094692 Hong Kong TA KUNG PAO in Chinese
26 Nov 92 p 2

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Sino-Russian Relations Will Enter a New Stage"]

[Text] Yeltsin To Visit China on 17 December

Chinese Foreign Minister Qian Qichen met and held talks with Russian President Yeltsin in Moscow on 24 November. The two sides reached an agreement on the schedule of Yeltsin's first official visit to China, which is to take place 17-19 December. According to an information officer of the president's office, the purpose of Yeltsin's visit to China is to promote the friendly and good-neighborly relations between China and Russia. The president will sign documents governing the basic relations between China and Russia, which will stipulate that the two countries will treat each other as a friendly country and will work together for peace and stability in Asia.

Russia is the fourth stop of Qian Qichen's tour of four CIS members which began on 18 November. The other three stops were Uzbekistan, Kyrgyzstan, and Kazakhstan. This is the Chinese foreign minister's first official visit to the CIS. His trip is aimed at enhancing good-neighborly and friendly relations with these countries, and his visit to Russia also serves as a return visit for the Russian foreign minister's visit to China last March and a mission in preparations for Yeltsin's visit to China next month.

Yeltsin has just paid a visit to the ROK and is now preparing for a Russian parliament session to be held on 1 December. Although his radical reform program has been facing tremendous difficulties and he himself is under attack because of his economic policies, it is expected that he will be able to "pass the test" during the voting at the parliament and keep his post as president. So he will be able to visit China next month, and then visit India next January. This series of visits shows that Yeltsin sets store in diplomacy in Asia and is attempting to make Russia play a leading role in initiating a security safeguarding system in Asia, and that he wishes to promote economic cooperation and investment, with a view to easing the difficult situation Russia is facing.

Both China and Russia Need a Peaceful Environment for Development

During his talks with Qian Qichen, Yeltsin emphasized: "In Russia's foreign relations, China is a country enjoying priority not only within Asia but also within the world." "Now that a new stage of Sino-Russian relations has begun, we should not return to the state of estrangement that we had experienced in the past decades," he said. This indicates that Russia is attaching great importance to its relations with China.

China and Russia have a 4,000 km common border between them. For a long time in the past the two countries maintained a tense Cold War type state along the border, and the tension between the two sides was not substantially eased until the Gorbachev era. One still has to wait to see what role Russia is going to play in Asia now that Yeltsin has risen to power. In view of its current attempt to vigorously develop its economy, Russia first of all needs a perpetual peaceful and good-neighbor environment. Russia also needs to solve many difficulties before it can rebuild its economy. To transform a military superpower into a peaceful economy is not a task that can be accomplished in a short period, let alone the effort to iron out the complicated conflicts between nationalities and between religions within the CIS. Only when the national economy is reinvigorated will it be possible to gradually ease the crisis.

Russia Has Changed Its Foreign Policy To Pay Equal Attention to Both the East and the West

According to an estimate by some economic advisers to the Russian Government, in the next three to four years, the CIS will need some \$30 billion of foreign aid a year, of which Russia will need \$15-20 billion. The main source of aid will be loans granted by different major Western countries and monetary funds. However, Western countries are now seriously disturbed by economic recession. The two biggest powers—the United States and Germany—cannot help Russia. What is more, as they are afraid that Russia may not be able to pay back debts because of political and economic instability, they dare not start normal investment projects. For its part, Japan is even more hesitant.

Yeltsin used to give priority to his country's relations with the West. From late last year onward, he visited Germany, Italy, Britain, the United States, Canada, and France, from none of which did he manage to secure the economic aid he had expected. Originally, he planned to visit Japan too, but it was abandoned because of the outstanding northern territory issue. Now he has declared that Russia's foreign policy is to attach equal importance to the West and the East, and he made his visit to the ROK "a new starting point of Russia's diplomatic effort in the Asia-Pacific region." This is an indication of the new development of Russia's foreign policy which is to pay equal attention to Europe, America, and Asia.

China's relations with Russia and other CIS members in the Far East will certainly be based on economic cooperation. There are many channels for cooperation between the two sides in the fields of economy, trade, science and technology, and culture. China's experience in reform and opening up will also prove to be useful for Russia in its way to economic recovery.

The latest development of Sino-Russian relations—from estrangement and hostility to willingness to enhance economic cooperation based on the principle of equality and mutual benefit—is a dramatic one after the war. It indeed marks the beginning of a new stage in the relations between China and Russia.

Southeast Asia & Pacific

Jiang Zemin Greets New Lao Party Chairman

BK2711024692 Beijing China Radio International
in Lao 1230 GMT 26 Nov 92

[Message of greetings from Jiang Zemin, general secretary of CPC Central Committee, to Khamtai Siphandon, chairman of Lao People's Revolutionary Party Central Committee, on latter's election; dated 25 November]

[Text] On the occasion of your election as chairman of the Lao People's Revolutionary Party [LPRP] Central Committee, on behalf of the CPC Central Committee, I would like to convey wholehearted greetings to you, comrade. I wish you, comrade, new success in your new task. I also wish for increasing improvement and development of the friendship and cooperation between the two parties and two countries of China and Laos.

[signed] Jiang Zemin, general secretary of the CPC Central Committee

[dated] 25 November 1992

Li Peng Condolences for Lao President's Death

CM2711122992 Beijing XINHUA Domestic Service
in Chinese 0800 GMT 27 Nov 92

[Text] Beijing, 27 Nov (XINHUA)—Chinese Premier Li Peng today went to the Laotian Embassy in Beijing to

condole upon the death of Kaysone Phomvihane, late chairman of the Lao People's Revolutionary Party and president of the Lao People's Democratic Republic.

Describing Kaysone as an outstanding leader of the Lao party and nation, and a close friend of the Chinese people, Li wrote: "We express our heartfelt condolence over the death of Kaysone."

Li said that Kaysone had done a lot of work for his country and people, and his outstanding achievements had won him the deep respect and love of the Laotian people.

The premier noted that Kaysone had visited China many times and formed a relationship like comradeship-in-arms with the late Chinese Chairman Mao Zedong and Premier Zhou Enlai.

In recent years, Li continued, through efforts of the leaders of the two countries, China and Laos have resumed normal ties, which have been pushed further ahead.

He said he believes, led by the new leaders, the Laotian party and government will carry out Kaysone's will and build Laos even better.

Li, on behalf of Chinese Communist Party General Secretary Jiang Zemin, President Yang Shangkun and Chairman of the National People's Congress Standing Committee Wan Li, expressed deep sympathy to Kaysone's relatives.

These four Chinese leaders sent wreaths to express their condolences.

The Chinese Foreign Ministry, the International Liaison Department of the Chinese Communist Party Central Committee, the Ministry of Machine-Building and Electronics Industry, the Beijing Municipal Government and the Chinese People's Association for Friendship With Foreign Countries also sent wreaths.

Chen Muhua, vice-chairman of the National People's Congress Standing Committee, Zhu Liang, head of the Liaison Department, and He Guangyuan, minister of machine-building and electronics industry, also went to the embassy.

Meanwhile, Zou Jiahua, member of the Political Bureau of the Central Committee of the Chinese Communist Party and vice-premier of the State Council, left here today for Vientiane to attend Kaysone's funeral as China's special envoy.

Yang Shangkun Greets New Lao President

BK2711032092 Beijing China Radio International
in Lao 1230 GMT 26 Nov 92

[Message of greetings from President Yang Shangkun to Nouhak Phoumsavan, president of Lao People's Democratic Republic, on the latter's election; dated 26 November]

[Text] On the occasion of your election as president of the Lao People's Democratic Republic [LPDR], on

behalf of the PRC Government, the Chinese people, and in my own name, I would like to express wholehearted greetings to you, comrade.

China and Laos are neighboring, friendly countries which are linked with rivers and mountain ranges. The peoples of the two countries have maintained traditional friendship for a long time. With efforts by both sides, the relations of friendship between the two countries have been continually developed over recent years.

I hope that during your tenure in office as president of state, the relations of good-neighborly friendship and cooperation between China and Laos will be further improved, strengthened, and expanded.

I wish you, comrade, ever greater success in your new task.

[signed] Yang Shangkun, president of the PRC

[dated] Beijing, 26 November 1992

Vice Premier Leaves for Lao President's Funeral

OW2711074992 Beijing XINHUA in English
0739 GMT 27 Nov 92

[Text] Beijing, November 27 (XINHUA)—Zou Jiahua, special envoy of the People's Republic of China, left here today for Vientiane to attend the funeral for the late Lao leader Kaysone Phomvihane.

Accompanying Zou, member of the Political Bureau of the Communist Party of China (CPC) Central Committee and vice-premier of the State Council, were Vice-Foreign Minister Xu Dunxin and Deputy Head Zhu Shanqing of the International Liaison Department of the CPC Central Committee.

Phomvihane, the late chairman of the Lao People's Revolutionary Party and president of Laos, died November 21 and his funeral is scheduled tomorrow.

West Europe

Ministries 'Outrage' Over Mirage Sale to Taiwan

Vice Foreign Minister 'Shocked'

OW2611092392 Beijing XINHUA Domestic Service
in Chinese 0800 GMT 26 Nov 92

[Text] Beijing, 26 November (XINHUA)—Vice Foreign Affairs Minister Tian Zengpei today summoned the French ambassador to China, Claude Martin, and made representations with the French side in connection with the signing of the contract between France and Taiwan on the sale of Mirage jet fighters.

Vice Minister Tian said: "It is reported that the Dassault Company and other French companies signed on 18 November a contract with Taiwan on the sale of 60 Mirage 2000-5 fighters. We are greatly shocked and

outraged by the fact that, despite repeated serious representations and strong opposition by the Chinese Government, the French side still went ahead and signed the contract with Taiwan to sell its fighters. This is a grave step taken by the French side to worsen relations between the two countries. I am hereby instructed by the Chinese Government to lodge the strongest protest with the French Government."

He said: "As is known to all, there is only one China in the world, and the Government of the People's Republic of China is the sole legal government representing the Chinese people, and Taiwan is an inalienable part of the Chinese territory. This is a fact that is universally recognized by the international community and affirmed by all the previous French Governments since the establishment of diplomatic relations between the two countries. Now, by allowing the relevant companies to sell advanced fighters to China's Taiwan Province, the French side has openly violated the principles underpinning the diplomatic relations between the two countries and the basic norms governing international relations. This act by the French side has grossly interfered in China's internal affairs, seriously encroached on China's sovereignty, and obstructed and undermined China's great cause—peaceful reunification. This is absolutely unacceptable to us."

Tian Zengpei also pointed out: "The Chinese Government has always attached importance to Sino-French relations and has made tremendous efforts to maintain and develop them; however, the French Government has made repeated moves in recent years to create difficulties and place obstacles in the way of such relations; and now it has taken the blatant action of selling Mirage fighters to Taiwan. This is bound to cause serious damage to Sino-French relations."

In conclusion, Tian Zengpei stressed: "The Chinese Government solemnly demands that the French Government observe the principles guiding diplomatic relations between the two countries and revoke the contract to sell fighters to Taiwan. Should the French side choose to ignore the strong opposition of the Chinese side and go ahead with its erroneous act of encroaching on China's sovereignty and jeopardizing China's security, the Chinese side cannot but make a strong reaction. The French Government shall be held fully responsible for all the serious consequences arising therefrom."

Trade Spokesman Calls for Revocation

OW2711122692 Beijing XINHUA Domestic Service
in Chinese 1033 GMT 27 Nov 92

[Text] Beijing, 27 Nov (XINHUA)—A Ministry of Foreign Economic and Trade [MOFERT] spokesman today urged France to revoke the contract of selling jet fighters to Taiwan.

The spokesman said this when asked by a reporter what influence the sale of French jet fighters to Taiwan will have on PRC-French economic relations and trade.

The spokesman expressed outrage over France's action of signing a contract about selling Mirage fighters to Taiwan. He pointed out that France's supply of advanced jet fighters to Taiwan in disregard of China's strong opposition constitutes a gross interference in China's sovereignty, a threat to China's security, and a grave step to worsen the two countries' relations. He added that the sale is bound to jeopardize Sino-French economic relations and trade and undermine the atmosphere and conditions essential for making progress in some cooperation projects under negotiation.

The spokesman stressed: China's economic development is picking up speed. Its imports from European Community countries during the January-September period increased 10.9 percent over the same period last year, and France already lagged behind owing to its plan to sell fighters to Taiwan.

The spokesman said: "We hope the French Government will have greater foresight and revoke the fighters sale contract as quickly as possible so that Sino-French economic relations and trade can develop normally."

Vice Premier Zhu Rongji Arrives in Sweden

*OW2511222992 Beijing XINHUA in English
1446 GMT 25 Nov 92*

[Text] Stockholm, November 25 (XINHUA)—Visiting Chinese Vice Premier Zhu Rongji today urged the promotion of Sino-Swedish relations to a new stage.

In a written statement issued at the airport upon his arrival here this morning for a visit, Zhu said he hoped his visit would enhance relations between the two countries, especially in the fields of trade and economic cooperation.

Since the establishment of Sino-Swedish diplomatic ties, Zhu said, cooperation in various fields has developed rapidly and seen satisfactory results.

Further development of Sino-Swedish relations is in keeping with the two countries' interests and would benefit not only both sides, but also world peace and stability, he added.

Zhu arrived here from the Danish capital of Copenhagen, where he had a three-day visit.

Meets With Prime Minister

*OW2611025192 Beijing XINHUA in English
0221 GMT 26 Nov 92*

[Text] Stockholm, November 25 (XINHUA)—Swedish Prime Minister Carl Bildt told visiting Chinese Vice-Premier Zhu Rongji here today that he believed prospects for Sino-Swedish relations were promising.

Bildt said China was playing an important role on the international stage and that its economic development exerted important influence on the world economy.

Prospects for bilateral ties were very promising and Sweden was very interested in cooperating with China, he added.

At the meeting, Zhu said cooperation in various fields had taken a big step forward and produced fruitful results since the two countries established diplomatic ties 42 years ago.

He added that the deepening of reform, the expansion of the policy of opening to the outside world and speedy economic development in China had laid a solid basis for Sino-Swedish economic cooperation.

At a previous meeting, Bengt Westerberg, the Swedish deputy prime minister as well as minister for social affairs, told Zhu that Sweden would take proper measures to boost its investment in China and promote Sino-Swedish technological cooperation to a new stage.

The Chinese vice-premier also met some Swedish parliamentary and party leaders today, and exchanged views with them on Sino-Swedish cooperation and other issues of common concern.

Zhu arrived here today from Copenhagen after a three-day visit to Denmark.

Discusses Economic Ties With Europe

*OW2711101492 Beijing XINHUA Domestic Service
in Chinese 0258 GMT 27 Nov 92*

[Text] Stockholm, 26 Nov (XINHUA)—Chinese Vice Premier Zhu Rongji spoke at a lecture sponsored by the Swedish-Chinese Trade Council on 26 November. He emphasized in his speech that the prospects for economic and trade cooperation between China and those countries in northwest Europe were promising.

In the speech, entitled "China's Reform and Opening Up and Its Relations With Northwestern European Countries," Zhu Rongji said: Since the late 1970's, China has been guided by the theory on building socialism with Chinese characteristics, put forward by Deng Xiaoping. It has since pursued the policy of reform and opening up, attached importance to economic construction, reformed its management system, learned from foreign experience, and embarked on an highway leading to prosperity.

He said: Over the last 14 years, China has carried out a succession of reforms, from rural reform to urban reform, from reform of economic structures to reform of other structures, and from local reform to nationwide reform. China's economic structure has undergone major changes. While reforming the economic structure, China has opened itself wider and wider to the outside world. We have created a new situation of opening up in the eastern coastal region where exchanges can take place in all domains, at different levels and through many channels. The region covers Shanghai's Pudong District, the areas near and along the Chang Jiang, and areas surrounding some inland provincial capitals. China has

further relaxed its policy concerning the use of foreign capital. While foreign investment was permitted only in production areas before, the areas open to foreign investment have gradually been expanded to cover banking, commerce, transport, tourism, and other tertiary industries. Reform and opening up have instilled a great vitality into China's economy and have brought about a rapid development of productive forces.

In the spring of this year, Deng Xiaoping, the chief designer of China's reform and opening up, pushed our reform and opening up into a new stage. An unprecedented, excellent situation has occurred in China. At first, we projected an average annual GNP growth rate of 6 percent for the 1990's, so that GNP would be quadrupled in the last two decades of this century. In view of the changes in the international and domestic situations, the government recently proposed a higher annual GNP growth rate for the 1990's, to reach 8 or 9 percent. In this way, China will make major progress in developing the economy, improving the people's living standards, and increasing the overall strength of the country.

Zhu Rongji pointed out: Practice over last 14 years has proven that the road of reform and opening up is the only road leading to the all around rejuvenation of the Chinese nation. For this reason, reform and opening up will certainly remain China's basic national policy for a long time. Recently, the 14th CPC National Congress further clarified that the objective of reform is to establish a socialist market economy and let market forces serve as the basic means of regulating the allocation of resources. This clearly shows the firm conviction of the CPC's new collective leadership, with Jiang Zemin at its core, in further promoting reform.

He said: "Some foreign friends have raised this question: China still stresses socialism while carrying on reform and opening up to the outside world to develop a market economy. Is this not a contradiction?" I believe that this is not contradictory. The market economy we have been talking about means establishing a mechanism for a market economy; it does not mean completely emulating any particular stage of the capitalist market economy. Besides, the mechanism of a market economy does not solely belong to capitalism. We believe that we can operate our economy according to the mode of a market economy, while at the same time maintaining a socialist system which has public ownership as the main form of ownership, safeguards social justice, and promotes common prosperity; we can use foreign capital and bring in advanced technologies and management expertise from foreign countries, while at the same time preserving the socialist spiritual civilization and the fine cultural traditions of the Chinese nation. In the course of reforming our economic structure, we have learned from and have made use of many foreign things which are useful to us. In the days to come, in the course of

establishing a socialist market economy, we will continue to learn from and make use of advanced forms of operation and management methods of all countries that reflect general laws governing modern socialized production and a commodity economy."

Zhu Rongji said: In pursuing its modernization, China pays special attention to developing long-term, stable, and friendly cooperation with the countries in northwest Europe on the basis of mutual respect, equality, and mutual benefit, and will work with them to promote world peace and development. Mutual threats between China and northwestern European countries does not exist, nor are there any fundamental conflicts of interest between them. During the past years China has established many forms of political consultation and cooperation with northwestern European countries, which helped promote world peace and stability. Of course, we should be aware that China and the countries of northwest Europe have different social systems, and there are also ideological differences between them, but these should not become blocks to cooperation. Our world is diverse. Therefore, we should recognize it as such, welcome diversity, surpass ideological differences, and cooperate on the basis of seeking common ground while reserving differences. In economics, the two sides can supplement each other. China is endowed with rich human and material resources and has a huge developing market. Northwestern Europe is one of the most economically and technologically developed areas in the world and possess abundant capital and advanced technology and management expertise. The two sides can make up for each other's deficiencies. Over the past decade or so, trade volume between China and northwestern Europe has been steadily increased. China has also developed fruitful economic and technological cooperation with these countries, and the scope of that cooperation is expanding. Investments in China by these countries have steadily increased, and the majority of the invested projects have developed satisfactorily.

Zhu Rongji said: Since the beginning of this year, China's economy has entered a new period of rapid growth. In the days to come, China will give priority to developing energy, communications, chemical industries, transportation, and infrastructural facilities. Tens of thousands of existing small and medium enterprises need to be gradually transformed. China's foreign trade is expected to increase at a rate of ten percent or more a year. The Chinese domestic investment environment is also improving. All this has provided more opportunities for Sino-European economic and trade cooperation. I hope that northwestern Europe occupies a more important share of China's economic relations with foreign countries. I welcome more people from economic and enterprise circles in northwestern Europe to come to and invest in China, or to negotiate cooperative projects.

In conclusion, Zhu Rongji said: "Friendly relations between China and Sweden go back to ancient history. Sino-Swedish cooperation has developed rapidly in various fields since the establishment of diplomatic relations between the two countries. We believe and sincerely hope that as China's reform and opening to the outside world deepen and accelerate, mutually beneficial cooperation in the fields of politics, economics, trade,

science, and technology between China and Sweden will continue to expand, and friendship between their peoples will also further develop."

After the speech, Zhu Rongji answered questions put to him. More than 100 people from Swedish political and economic circles attended the meeting.

Political & Social

Propaganda Chief Relinquishes Post to 'Moderate'

HK2711014192 Hong Kong SOUTH CHINA
MORNING POST in English 27 Nov 92 p 12

[Article by Willy Wo-lap Lam]

[Text] The hardline head of the Communist Party Propaganda Department, Mr Wang Renzhi, has handed over his duties to his newly appointed deputy, Mr Zheng Bijian, a relatively moderate cadre.

But informed sources said yesterday the ideology and propaganda establishment was still operating in an atmosphere of "leftism" or remnant Maoism.

And patriarch Mr Deng Xiaoping has apparently given up his goal, first announced in January this year, of purging this crucial arena of leftists.

The sources said that at the start of a senior staff meeting of the Propaganda Department last week, Mr Wang indicated that "from now on, comrade (Zheng) Bijian will be looking after the affairs (of the department)".

Mr Wang, 59, who had been criticised by Mr Deng for failing to push reform, then departed, leaving Mr Zheng to preside over the meeting.

Mr Zheng, 60, a former vice-president of the Academy of Social Sciences and secretary of the late party chief Hu Yaobang, is considered a moderate who is acceptable to different factions of the party.

Intellectuals in Beijing said even though Mr Zheng had, on a de facto basis, taken over the department, it was unlikely drastic steps would be taken to weed out Maoist influences.

"Zheng lacks the mandate and the backing from Deng Xiaoping to flush out the leftists, who still occupy most of the major positions of the department", a Beijing-based editor said.

The editor said the leftists were celebrating over the fact they had gone through the 14th party congress-billed as a watershed for reform—unscathed.

"Leftist cadres in ideology and the mass media are busy convening all sorts of meetings to plot a counter-attack against the 'bourgeois-liberal' intellectuals," he said.

Another source in Beijing said while liberal cadres and intellectuals in the capital had also been holding conferences, these events were not reported in the national media.

The source said the major party organ, *People's Daily* [RENMIN RIBAO], remained a bastion of conservatism in spite of the imminent retirement of its leftist director, Mr Gao Di.

"Gao Di may be going, but he is using the little time left him to shore up the authority of the large number of his cronies who hold senior positions in the paper," he said.

As evidence of the heavy hand of the Maoist commissars, intellectuals in Beijing cite a ban on the novel *Bloody Sacrifice* at Heihe.

The work is about five women workers who were subjected to inhuman treatment at a penal colony in Heihe, Heilongjiang province, for having taken part in the Tiananmen Square movement of 1976.

"*Bloody Sacrifice* is about injustice and feudalism in the late 1970s," a source said. "But the commissars are worried that readers may draw comparisons with the Tiananmen Square massacre of 1989."

State Council Appoints, Dismisses State Personnel

OW2611164092 Beijing XINHUA Domestic Service
in Chinese 0641 GMT 26 Nov 92

[Text] Beijing, 26 Nov (XINHUA)—The State Council recently appointed and removed a number of state personnel.

Ma Lisheng (7456 2621 0524) and Zhang Haoruo (1728 3185 5387) were appointed vice commerce ministers; Wulan Mu Lun (3527 5695 2606 0243) was appointed deputy director of the XINHUA NEWS AGENCY's Hong Kong branch; and Yan Yixun (0917 5030 1053) and Xu Zhihong (6079 2535 1347) were appointed vice presidents of the Chinese Academy of Sciences.

Sun Honglie and Li Zhensheng were removed from their posts of vice presidents of the Chinese Academy of Sciences.

Institutional Reform To Begin Next Year

OW2611115492 Beijing XINHUA in English
1142 GMT 26 Nov 92

[Text] Beijing, November 26 (XINHUA)—China will spend three years in reforming its government organizations in an all-round way starting from next year.

This is a major step in the reform of China's political system. By the end of 1995, all the central and provincial organizations will carry out the system of public servants.

At present, China's government organizations are over-staffed and the state bears a heavy burden of financial and operating expenses.

China has undertaken government organizational reform twice since the founding of the People's Republic of China in 1949 and has obtained some achievements. However, they have not yet shaken the pattern formed under the highly centralized planned economic system.

To do a good job in the reform of government organizations, China will try out the reform of government organizations at county level and spread nationwide after gaining experience.

According to the plan, more than 200 counties are expected to try out the reform and many voluntarily carry out the reform.

The reform of county organizations is aimed at shifting the governmental functions to suit the development of the market economy and reducing the interference of leading organizations and departments in the economic work of grass-root units while expanding service.

Intellectuals Prepare Book Attacking 'Leftism'

HK2711015292 Hong Kong SOUTH CHINA MORNING POST in English 27 Nov 92 p 12

[Text] Liberal intellectuals and academics in Beijing are putting the final touches to the publication of a new book that attacks "leftism" or remnant Maoism.

Entitled *Memorandum on Anti-Leftism*, the tome, which runs to almost 300,000 characters, will serve warning on the fact that while the Communist Party is committed to economic reform, Maoist influence is still prevalent in sectors including ideology and the mass media.

The authors of the book are not optimistic that it will go through the censors.

Last May, the commissars refused to sanction the distribution of the book *The Tides of History*, which is a forerunner of *Memorandum*.

Chinese sources said the 30-odd authors of *Memorandum* were liberal scholars and writers.

"The authors met with resistance when they tried to find a publisher," a source said.

"But they have decided to print the book anyway. They are confident that even if the book is banned by the censors in Beijing, it can still be distributed in some provinces and cities."

Team Recruiting Chinese Students in U.S. Returns

HK2711015892 Beijing ZHONGGUO XINWEN SHE in Chinese 0518 GMT 13 Nov 92

[Text] Washington, 12 Nov (ZHONGGUO XINWEN SHE)—The team jointly sent by the State Education Commission, the Service Center for Chinese Students Studying Abroad, more than 10 provinces and municipalities—including Beijing, Shanghai, and Hainan—scientific research institutes, enterprises, and institutions of higher learning to the United States to recruit Chinese students studying there returned to China today after working for three weeks in the United States.

The team set off from the eastern and western coasts of the United States along two routes, visiting 40 universities and similar institutions. They held report meetings and discussions, which were attended by 6,700 Chinese students studying there. More than 1,200 students expressed willingness to return to China, and approximately 100 students decided to return to China on the condition that they will be allowed to go back to the United States as they please, while some students chose to return to China after they receive their doctorates. In addition, students from Taiwan, Singapore, Iran, and India who have taken American nationality, as well as Americans, also asked for permission to work in China or engage in scientific research there.

The team met with a hearty response among Chinese students studying in the United States and received a warm welcome. In Pittsburgh, Cleveland, and other places, the Chinese students studying there displayed banners carrying slogans such as "Warm Welcome to the Recruiting Team From the Motherland," "Warm Welcome to Kinfolk From the Motherland," and so on. In Philadelphia, Chinese students welcomed the team late at night, braving rain. In Los Angeles, the forum held by the team lasted seven hours, from 1500 to 2200, and the participants were in high spirits.

Wang Zhongda, head of the recruiting team, told reporters before leaving the United States: The team provided students studying in the United States with various formulas under which they can serve their country and also with several thousand selective jobs and work units. The students appreciated the team's efforts.

The team also met with responsible members of a number of schools and occupation service centers and exchanged views with them. The two sides reached a consensus on a number of matters, including arrangements for Chinese students studying in the United States and for them returning to China to serve their country. Many American educators expressed their appreciation of China's policies toward Chinese students studying abroad. They maintained that the exchanges between China and the United States will only be carried out extensively and for a long period of time when students are allowed to "come and go back." The exchanges will not last if students "cannot go back after they come to the United States."

Zhang Zuwang, deputy chief of the team, told reporters: What impressed me most during my trip to the United States is that the large numbers of Chinese studying in the United States love their country and hope to serve their countries in various ways. China needs the world and vice versa.

Sun Qimeng Relected Democratic Party Chairman

OW2611103292 Beijing XINHUA in English
0949 GMT 26 Nov 92

[Text] Beijing, November 26 (XINHUA)—Sun Qimeng was relected chairman of the central committee of the China Democratic National Construction Association.

The first plenary session of the sixth central committee of the association held today in Beijing also elected the other members of the central committee.

Sun Qimeng, 81, once a sponsor of the association when it was first founded in Chongqing city of southwestern China's Sichuan Province in 1945, was elected chairman of the central committee of the association in 1987. He is also the vice-chairman of the Standing Committee of the National People's Congress.

The association mainly consists of people from the economic circle. It has more than 53,000 members by now.

The sixth central committee of the association consists of 165 members and 19 alternate members.

The plenary session today also elected 11 vice-chairmen of the central committee.

Luo Gan Visits Air Crash Victims' Families

OW2611133692 Beijing XINHUA in English
1317 GMT 26 Nov 92

[Text] Guilin, November 26 (XINHUA)—A compensation plan is being prepared to support the families of the 141 victims who died in the Boeing 737 jet, which crashed near Guilin in southern China's Guangxi Zhuang Autonomous Region on Tuesday.

This has been revealed by officials of the airline and local authorities.

XINHUA learned that departments concerned will arrange for family members to visit the crash site.

Luo Gan, secretary-general of the State Council, has extended his condolences, on behalf of the party and state leader Jiang Zemin and Li Peng, to the families of the victims, many of whom have arrived in Guilin.

The secretary-general, who rushed to Guilin from Beijing on the day the jet crashed, thanked them for their cooperation in the necessary but difficult formalities which must be undertaken by the government.

A team of government workers has been set up to look after the approximately 200 family members who are staying in city hotels.

The Boeing 737 jet which was flying from Guangzhou to Guilin, crashed at 7.54 A.M. on Tuesday near Guilin, a famous tourist resort, killing all 133 passengers and eight crew members.

Among the passengers were a Canadian and a Macao citizen, two Spaniards and nine Taiwanese.

The jet's black box flight recorder was found on Wednesday morning but it was badly damaged.

Vice Premier Zou Supports Shanxi's Development

HK2511055492 Taiyuan SHANXI RIBAO in Chinese
17 Oct 92 p 1-2

[Article by Ke Fu (0668 4395), Hu Sheng (5706 0524), and Yin Hu (6892 5706): "Vice Premier Zou Jiahua Expresses Support for Shanxi in Promoting Its Economy to a New Stage"]

[Text] On Sunday, 11 October, State Council Vice Premier Zou Jiahua did not take a break, but went to the San Jin Guesthouse, which is located on Changchun Street in Beijing, at 9 am to listen to a report made by the Shanxi Provincial CPC Committee and government on the province's entrance into a new stage of economic development, to extend his enthusiastic support and encouragement to efforts made by Shanxi, and to give a number of guiding views on such issues as the development of agriculture, electric power, and communications. Zou was accompanied by Ye Qing and Yao Zhenyan, vice ministers of the State Planning Commission; Shi Dazhen, vice minister of the Ministry of Energy Resources; Wang Senhao, president of the China National Coal Corporation; Hong Fuzeng, vice minister of the Ministry of Agriculture, Husbandry, and Fisheries; He Jing, chief engineer of the Ministry of Water Resources; and others.

Zou Jiahua said: In my opinion, the idea presented by Shanxi on entering a new stage of economic development is equivalent to a program to be completed by 2000. It would be better to have such a program. Now, we are studying the national economy and provincial economies in accordance with the relationships between localities, and in combination with the Eighth and Ninth Five-Year Plans. The orientation of the program forwarded by Shanxi Province today is correct. Such a program should integrate with national and local economic programs.

Zou Jiahua said: Agriculture is the foundation and must develop. The 14th CPC Congress report has dwelled a lot on it, and everyone attaches much importance to it. The orientation is alright. I would like to speak on another issue. As our economy has developed to the present stage, it is necessary to integrate primary, secondary, and tertiary industries with each other. When we talk about rural areas, we should not only talk about how to develop agriculture, but also how to develop the rural economy as a whole. Now, rural and urban economic development are closely related to each other, and it will no longer work if agriculture and industry are studied separately. Any studies must integrate the two. We said in the past that "we cannot get rich without industry," which precisely attached importance to the industrial sector in the rural economy. If it is said that there is rapid industrial

development, industrial products should flow to: first, the international market; second, the urban market; and third, the rural market, and the last is a market with much potential. If peasants have no purchasing power, industrial products will not be well received in rural areas. Hence, industrial development must be placed on the basis of development of the rural economy. Now, we must conceive a way to expedite development of the rural economy so that peasants' purchasing power can grow more rapidly. How to raise peasants' earnings and increase their purchasing power? First, it is necessary to increase agricultural productivity. Second, we must properly regulate prices of agricultural produce. Third, we must readjust the agricultural produce structure; that is, we must readjust the structure of planting. Grain planting is very important, but income earned by merely planting grain is too low, so it is necessary to plant other crops in line with local conditions. From now on, with the gradual liberalization of grain prices, peasants can plant many crops and take a lot of initiative. Fourth, it is necessary to vigorously develop breeding aquatic products and livestock. Television and radio broadcasts are full of content in this respect. Breeding seaside aquatic products; martens and sika deer in mountains; and chickens, ducks, oxen, sheep, and rabbits at home. Fifth, it is necessary to engage in processing agricultural produce. The value added will be too small only with agricultural produce at the primary level, and various localities should develop processing industry with superior agricultural produce as raw materials. Shanxi has also talked about the food industry and about developing wine, vinegar, and natural drinks. As a matter of fact, thorough processing with agricultural produce as raw materials can be expanded to create a large batch of new products. In this way, there will be a high rate of value added and peasants will have higher earnings. Taking hawthorns as an example, we only knew in the past that hawthorns could be eaten and used to produce sweet calabash, but now it has developed into hawthorn tea. In this way, peasants planting hawthorns can earn more. Six, township and town enterprises must have greater development. Township and town enterprises not only use agricultural produce but also use mineral products and coal as raw materials. Seventh, we must engage in labor export. Eighth, we must engage in tertiary industry. The reason to mention the above factors is to help peasants increase their earnings to improve their purchasing power. The goal which you have mentioned is good, that is, peasants' earnings will be increased from over 600 yuan per head on average to more than 1,200 yuan per head on average. Here, I have a point to stress, that is, produce made by peasants must satisfy market needs. If agricultural produce is desperately developed without taking market needs into account, just like we intensively developed long-haired rabbits in the past, nobody will buy it as a result. Hence, agricultural production must be considered in combination with market needs.

Zou Jiahua said: It is not possible for a province to follow what a country is doing to develop its economy in

all fields in a full-scale manner. A provincial economy can only bring its superiority into play. It will not work if everything is carried out by the province itself. What shows the superiority? Superior products must be oriented toward the provincial, national, and world markets. Likewise, superior products must be introduced into the national and international markets. How does superiority of a provincial economy take shape? It is attributed to superiority in resources. As far as industries developing on the basis of resources superiority are concerned, others certainly cannot compete with you. Industries developing on the basis of one's own superiority are certainly free from closedown. According to this idea, a province, when making its plans, must consider which is its superiority and which must be developed, and which is not its superiority and which may not be developed. When produce of the latter kind are needed, the province can either purchase from other provinces or import from other countries. Just like large circulation and market as you have suggested, commodity economy is in itself a large exchange, which, therefore, must be studied. This is an issue for the study of a provincial economy. Another issue is to study the constraints on economic development of this province. No matter if it is a country, a region, or a province, when studying economic planning, it is necessary to study the constraints. There are many constraints, such as energy, communications, water, talents, and funds. However, we must also analyze which of the constraints can be eliminated through work to promote economic development; and which cannot be bypassed. If we do not pay attention to these issues, our development will be, in turn, restricted by objective factors. Of course, to study the economy, we must not only study objective conditions but also the issue of mechanism, subjective factors, and the degree of emancipation of the mind. The market is also an issue. The size of the market, in a certain period and at a certain stage, will also become a constraint. This is an issue which we have to take into consideration.

Zou Jiahua said: Regarding the issue of electric power, I completely concur with Shanxi's view, that is, developing electrical power transmission at a time when coal is in supply, with a view to replacing the latter with the former. The State Planning Commission, the Ministry of Energy Resources, and concerned departments must be concerned about and support it. Our country always considers coal, electric power, and transportation as a lump, which has a balanced relationship. We must solve the problem of electric power in economic development with a new mind. The principle of electric power development, which we previously talked about, was to attach equal importance to hydroelectric and thermal power, and to work in line with local conditions; and now we attach importance to hydroelectric, thermal, and nuclear power, and to work in line with local conditions. We talked about integrating large, medium, and small hydroelectric power stations, as well as integrating large, medium, and small thermal power stations. Here, I would like to specifically emphasize one thing, that is,

apart from developing thermal power, we must conscientiously consider developing power stations near coalpits. More and more power stations near coalpits should be put into operation as long as there are conditions to do so. The aim of running power stations near coalpits is to replace coal transportation with power transmission. Shanxi's suggestion of replacing coal transportation with power transmission is, to a very large extent, emancipation of mind which promotes development of our economy. Development of thermal power in Shanxi, which spares transportation, is not only of benefit to the province, but also to the state, and we certainly support you. As for the scale, it will be alright to have bigger power stations as long as there are conditions. In the past, 600,000-kw power stations were very large, but they are not considered large now. We can have 4.8 million kw of electricity if eight generating units of similar nature are set. Regarding the construction of transmission lines and the network of electric power, both planning and technical problems must be studied carefully. It is still possible to consider the conditions in Shanxi in combination with those in Guangdong and in Jiangsu. With the operation of large power stations, it is necessary to consider how to comprehensively utilize coal and to protect the environment.

Zou Jiahua said: With regard to the issue of communications, I agree with your planning, which is about sea, land, and air transportation. Water transport is not so frequent in Shanxi, except a little on the Huang He. The Huang He problem must be studied and its silt must be cleared away. We should spend several decades to solve this very problem for our posterity. Shanxi's communications problem lie in its air and land traffic. I have said when speaking on the planning for the northwest that we must accomplish the construction of the capital city airport, that airport construction in cities other than provincial cities would depend on the number of passengers handled, and that a large-scale construction of highways must be carried out. The principle of highway construction is "coordinated planning, integration between different departments and areas, division of duties among organs at various levels, and joint construction." The state is responsible for working out a network of main highways between provinces, whereas construction of highways within provinces should be largely considered by provinces themselves. It is necessary to pay attention to roads leading to prefectures, to cities, to counties, to townships, and to rural areas. The remarks which Comrade Hu Fuguo has just made are very vivid. Without roads in rural areas, agricultural produce will become rotten goods rather than commodities. Commodities must be exchanged, so how can exchange take place without roads? There is such experience in Guangdong, that is, "a small road makes a small fortune, a medium road makes a medium-sized fortune, a big road makes big fortune, no road no fortune, and an expressway makes fortune rapidly." This indicates that roads must be built if we want to get rich. Roads can facilitate circulation, which can, in turn, bring about economic development. I very much agree that

Shanxi should construct highways. At the outset, we should not demand roads of very high quality in rural areas. Roads should be built first so that exchange can take place. Money earned in exchange can then be used to improve roads. At the outset, roads are made of dirt. They can be paved with cobbles after some money has been earned money, and then can be built with sand and asphalt after earning money again. In this way, peasants can get rich.

Zou Jiahua said: Aluminum, which is a nonferrous metal, is your superiority. When developing nonferrous metals, it is necessary to carefully study mine construction, and we should not exploit mines hastily. With regard to the development of iron and steel, of the chemical industry, and of construction materials, coal is your superiority, and these industries, which have developed by using coal as a raw material, are very important. Others, like the engineering industry, must be considered in combination with the superiority of coal. More often than not, the emergence of superior industries in some places can give rise to a series of branch industries. It is also a regular pattern to use superior industries to promote branch industries and to form an industrial system.

Zou Jiahua said: We must tread the road of market economy and enterprises must study the market when engaging in production. Every enterprise must receive order for goods first before organizing production. From now on, enterprises will be examined for whether or not they have orders for goods. Enterprises must orient toward the market.

Leading comrades of the Shanxi CPC Provincial Committee and government, including Wang Maolin, Hu Fuguo, Lu Gongxun, Guo Yuhuai, Wu Junzhou, Wang Wenxue, Liu Zemin, Zhao Jingfu, and comrades in charge of concerned departments, attended the meeting.

Military

Military Commission Fills Vacant Positions

HK2711020092 Hong Kong SOUTH CHINA
MORNING POST in English 27 Nov 92 p 12

[Article by Willy Wo-lap Lam]

[Text] The Central Military Commission has beefed up the General Staff Department (GSD) of the People's Liberation Army and reorganised its structure.

The Chinese media yesterday announced the appointment of three assistant chiefs of general staff.

They are the head of the GSD's Department of Intelligence, Major-General Xiong Guangkai, the head of the Operations Department, Major-General Kui Fulin, and the commander of the First Group Army of the Nanjing military region, Major-General Wu Quanxu.

The positions of assistant chiefs of general staff have been left vacant for eight years and the appointment of the three is seen by military analysts as an effort to boost the importance and functions of the GSD.

"The elevation of the trio is consistent with the general trend of promoting professionals who are committed to military excellence," a military source said.

"By contrast, political commissars, or ideological officers, have lost out in the reshuffles which first started last month."

The establishment of more senior positions in the GSD also tallies with earlier reports that the commission wanted to centralise decision-making powers within the headquarters.

The source said that while the rumour about the abolition of the seven military regions proved to be untrue, the commission had worked hard to rationalise and modernise the overall command structure.

GSD departments including engineering, chemical warfare and artillery have been combined into a single Special Forces Department.

And with the increased power of commission vice-chairman General Liu Huaqing, a former navy chief, the GSD will put more emphasis on the integration of the Army, the Navy and the Air Force in its strategic planning as well as operations.

For example, units from the three branches of the PLA could hold more joint exercises in the future.

Formerly, the GSD was very much a bastion of army influence, and the three forces lacked the level of coordination required of a modern force.

With the removal of former chief political commissar General Yang Baibing, the influence of the General Political Department (GPD) is believed to have been cut.

The new head of the GPD, Lieutenant-General Yu Yongbo is considered more junior than the chiefs of the GSD and the General Logistics Department, respectively Lieutenant-General Zhang Wannian and Lieutenant-General Fu Quanyou.

PLA Leaders at Commendation Meeting, Exhibition

*OW2611131892 Beijing XINHUA Domestic Service
in Chinese 1037 GMT 26 Nov 92*

[By RENMIN RIBAO reporter Luo Tongsong (5012 0681 2646) and XINHUA reporter Luo Yuwen (5012 3768 2429)]

[Text] Beijing, 26 November (XINHUA)—The national meeting for exchanging experiences in training and using dual-purpose personnel—personnel proficient in military and civil affairs—and for commending outstanding dual-purpose personnel opened in Beijing today. An

exhibition in which results accomplished in this field also opened at the same time.

The meeting and exhibition are sponsored jointly by the Ministry of Civil Affairs and the People's Liberation Army [PLA] General Political Department.

Zhang Zhen, vice chairman of the Central Military Commission; Chen Yunsheng, state councillor; Zhang Wannian, chief of the PLA General Staff; Yu Yongbo, director of the PLA General Political Department; Fu Quanyou, director of the PLA General Logistics Department; and Doje Cering, vice minister of civil affairs, attended the opening ceremony and toured the exhibition.

The training of dual-purpose personnel is a project carried out through a proposal which Comrade Deng Xiaoping made in 1977. Thanks to efforts exerted by military and civil authorities, the project has achieved noticeable success in the last 15 years, and the trained personnel have played an important role in the state's economic construction as well as in the modernization of the Armed Forces. The meeting and the exhibition are held to sum up experiences gained in training and using these dual-purpose personnel, to display the fruitful results achieved in this field, to review the enormous achievements, and to encourage people to achieve even greater success in training and using dual-purpose personnel.

During the meeting, which was chaired by Fan Baojun, vice minister of civil affairs, Yu Yongbo, General Political Department director, read the messages inscribed by Comrades Jiang Zemin, Deng Xiaoping, Yang Shangkun, Li Peng, Liu Huaqing, and Zhang Zhen about training and using dual-purpose personnel. He also read the commendation circulars from the Ministry of Civil Affairs and the PLA General Political Department. Commended at the meeting were 88 advanced collectives and 202 individuals, including 29 collectives and 83 individuals from the military, and 59 collectives and 119 individuals from local authorities. They received banners, trophies, and certificates of honor from the leading comrades attending the meeting.

After the opening ceremony, the leading comrades and other attendees toured the exhibition and had cordial talks with the commended collectives and personnel.

The attendees come from various military units and local fronts. Many of them, after retiring from the military, in which they made major contributions to its revolutionization, modernization, and regularization, have worked hard in their respective posts and become a major force in local economic construction. Many of them have become successful inventors, entrepreneurs, and experts in various fields.

Also present at the meeting and the exhibition were Yang Chen [2799 3819], Ministry of Civil Affairs adviser; Liu Jibin, vice minister of finance; Zhu Jiazhen, vice minister of labor; and Xu Caihou [1776 2088 0624], assistant director of the PLA General Political Department.

Military Commission on Traditions, Ethics

OW2611020292 Beijing XINHUA Domestic Service
in Chinese 1434 GMT 24 Nov 92

[Text] Beijing, 24 Nov (XINHUA)—The newly organized Central Military Commission recently issued its "Decision on Carrying Forward Fine Traditions and Intensifying Ethical Construction," which calls on all officers and men in the Armed Forces to earnestly implement the 14th National CPC Congress guidelines; continue to maintain the true qualities of Red Army soldiers; and, under the leadership of the CPC Central Committee and the Central Military Commission, continue to create a new situation for military construction.

The "Decision" states: Military Commission Chairman Jiang Zemin recently emphasized the necessity for the Armed Forces to conscientiously study Comrade Deng Xiaoping's expositions on intensifying military construction, carry forward the fine traditions of the Armed Forces, and maintain the true qualities of Red Army soldiers. This is an important guideline for military construction during the new period.

The "Decision" epitomizes the Armed Forces' fine traditions, namely: The Armed Forces must accept the party's absolute leadership, uphold the principle of "the party commanding the gun," and become examples in carrying out the party's lines, principles, and policies; must resolutely oppose and combat erroneous tendencies that undermine military unity; must strictly abide by organizational discipline, obey commands in all actions, take the interest of the whole into account, and disallow any lack of discipline or laxity; must uphold the work style of waging arduous struggle, seeking truth from facts, fostering democracy, and adhering to the mass line; must intensify the political education and operations of political organs, paying special attention to intensifying political work in companies so as to heighten the political awareness of the vast number of officers and men; must intensify military training so that, as a result of hard work and painstaking drill, officers can more proficiently command and manage while soldiers can more effectively engage in battle; must uphold the principles and criteria for using cadres—placing cadres under party control and using those who are ethical and competent, who are fair-minded and upright, who come from "all corners of the land," who are willing to work at higher or lower levels as required; and leading cadres and senior comrades must take the initiative in inheriting and carrying forward the fine traditions of the Armed Forces and be willing to teach, assist, and guide younger cadres.

The "Decision" stresses: Inheriting and carrying forward the fine traditions of the Armed Forces and always maintaining the true qualities of Red Army soldiers are extremely significant under the new historical conditions. China's reform, opening up, and modernization drive are at a crucial stage. During the course of building socialism with Chinese characteristics, the party and people place high hopes on the Armed Forces. Only

when our Armed Forces are properly educated and organized, and only when they maintain their political quality in waging arduous struggle, can they undertake the sacred missions of safeguarding the motherland and maintaining social stability. The military commission maintains that the Armed Forces must attach great importance to carrying forward their fine traditions and intensifying ethical construction because these are major issues having a close bearing on making sure the Armed Forces maintain their proletarian nature and perform their fundamental responsibilities.

The "Decision" says the Armed Force, in order to carry forward their fine traditions and intensify ethical construction, must focus their attention on dealing with the following problems: 1) firmly correct irregularities in promoting and using cadres; 2) firmly stop irregularities in the use of power for personal gain and in trading power for money; 3) firmly combat any lawlessness and lack of discipline in economic affairs; 4) firmly stop practices such as going in for ostentation and extravagance, flaunting riches, and squandering and wasting money; and 5) firmly combat bureaucratism, formalism, and similar irregularities.

The "Decision" also stresses: Firm efforts must be made to implement the above guidelines. Party organizations at all levels must place on their agendas the issue of carrying forward fine traditions and intensifying ethical construction, and must consider this issue an important part of their democratic meetings. Principal leaders must take charge of this project themselves and organize regular inspections. Great effort must be made to intensify ideological education. Works by proletarian revolutionaries of the older generation—especially those by Comrade Deng Xiaoping about carrying forward fine traditions and intensifying ethical construction, as well as the relevant directives made by the party Central Committee and the Central Military Commission—must be earnestly studied. All military units must educate their officers and men on the fine military traditions, laws, and discipline so as to inspire them to firmly establish their communist world outlook, their outlook on life, and their awareness of abiding by law and discipline. To help officers and men heighten their awareness in combating corruption and peaceful evolution, they should be aided in strictly abiding by discipline and perform their duty honestly while supporting reform, opening up, and the building of a socialist market economy. We must publicize progressive personages and their deeds in a major way so the good habits of responsibly and honestly performing public duty will prevail in the Armed Forces. We must attend to the formulation of rules and regulations. In recent years, the party Central Committee and the Central Military Commission have drawn up and promulgated many regulations about intensifying ethical construction; these regulations must be fully enforced. Organs and departments at all levels must draw up their own measures for encouraging ethical conduct in accordance with their characteristics and situations, and must constantly

improve the related regulations and rules in accordance with the development of the situation. We must strictly handle military affairs. To make sure military orders are followed and prohibitions are heeded, laws must be enforced, lawlessness must be investigated, and acts of lawlessness and lack of discipline must be dealt with harshly.

The Central Military Commission "Decision" points out: The key to carrying forward fine traditions and intensifying ethical construction lies in the exemplary role and initiative of senior cadres and leading organs. Senior cadres and leading organs must have a higher awareness. They must establish stricter requirements for themselves, and through their personal deeds must act as role models for the Armed Forces.

Economic & Agricultural

State To Further Reduce Price Controls

HK2611041392 Beijing CHINA DAILY in English
26 Nov 92 p 2

[By staff reporter: "Control of Prices Is Lessened"]

[Text] China is set to extend market-oriented price reforms by further narrowing the scope of goods subject to price-setting by the State and by rationalizing the price system of all the products within five years.

However, the State will continue its guidance, supervision and administration over prices to ensure the smooth progress of the reforms, an official from the State Administration of Commodity Prices said.

At present, the prices of 89 types of goods are still controlled by the State, compared with 737 in 1991, according to the administration.

This means about 80 percent of commodity prices are subject to market forces.

Even the prices of the remaining 20 percent are only "semi-fixed." For some prices, the government simply offers guidelines, leaving producers a margin for fluctuation.

Once conditions mature, the prices of more products will be allowed to freewheel, allowing market forces to come into full play, said the official.

Since early this year, China has moved boldly on price reforms, deregulating prices on most industrial production goods.

Analysts say it will lay a solid foundation for the country's institution of a market economy.

Because supply and demand remain steady on the domestic market under accelerating economic development, China's economists believe the time is ripe for bolder price reform.

According to the State Statistics Bureau, the monthly price curve indices nationwide remain stable and the inflation rate was 4.7 percent during the January-August period.

Prices of grain, vegetables, eggs, poultry and meat are stable in the domestic market, while the rise and fall in the prices of industrial products also remain at the same level, said the official.

However, the free prices of industrial products will "sooner or later" have an impact on the prices of consumer goods, say market analysts.

Since the introduction of the market price system, the price index in 35 big and medium-sized cities has exceeded 10 percent.

In such a situation, it is imperative that the government take proper administrative measures to check the illegal practice of price monopolies, prevent the hoarding of goods, control price hiking, and protect the interests of consumers, said the official.

As part of this effort, the State will continue to place under its control the prices of goods vital to the national economy and people's livelihoods, the official revealed.

While great headway has been made in transferring the country's distorted price mechanism on commodities, much more work needs to be done on the unreasonable prices of labour services and technology, say analysts.

Ministry Defines New Ways To Promote Market

HK2711055192 Beijing RENMIN RIBAO in Chinese
13 Nov 92 p 1

[XINHUA report: "Commerce Ministry Outlines New Measures for Market Development"]

[Text] Beijing, 12 Nov (XINHUA)—The Commerce Ministry recently organized its cadres to undertake an in-depth study of the documents of the 14th party congress. The study applied these documents to the realities in commercial undertakings in order to present a series of views on ways to implement the spirit of the 14th party congress and speed up the pace of commercial reform and development.

The Commerce Ministry proposed to build large markets, participate in large circulation, and develop large commerce. State-owned commerce (including foodstuffs departments) and supply and marketing cooperative commerce should adapt to the demands of a socialist market economy by actively cultivating markets, building markets, and establishing a price system which is guided by the markets. It is necessary to break regional embargoes and departmental divisions in order to facilitate the circulation of goods and further promote the formation and development of a major unified commodities market.

The Commerce Ministry also demanded that state-owned commerce as well as supply and marketing cooperative commerce play a leading role in market competition by vigorously promoting commerce and the food service industry, along with actively taking part in tertiary industries such as finance, insurance, tourism, information, law and accounting, auditing, consultancy, and livelihood services. It is necessary to give full play to the advantages and superiorities of the commercial departments and open up new industries and new service sectors which will serve the market economy and commodity circulation.

The Commerce Ministry also raised the question of changing government functions and reforming the administrative management of commerce in view of the realities in the organs. Henceforth, the commercial administrative departments will engage primarily in overall planning, policy control, information guidance, organization and coordination, provision of services, inspection and supervision, as well as the storage, regulation, and control of a small number of important commodities.

Retailers Urged To Update Management Practices

*HK2411045792 Beijing CHINA DAILY in English
24 Nov 92 p 3*

[Article by staff reporter: "Commerce Minister: Get Back to Basics"]

[Text] Hu Ping, China's minister of commerce, has called domestic retailers to put the overcooked practice of generating commodity sales with big prizes on the back burner.

Industrial enterprises and department stores should shift their view to standard management practices to improve service quality and response to consumer demand. Only by doing so can they keep their business volume growing, the minister said at the Seminar on Commercial Culture and Shopping Strategy over the weekend in Zhengzhou, Henan Province.

The practice of selling goods by awarding prizes to consumers has become popular, especially in some inland cities such as Zhengzhou and Xi'an in recent years, and the prizes have been growing from refrigerators and washing machines to cars and apartments.

Some of the seminar participants said marketing prizes have helped promote the development of the market economy in China. Others were against the practice, regarding it as a result of an imperfect local market mechanism.

However, most participants suggested that sales be better managed and guided because some retail sellers, as reported by local newspapers, have taken advantage of the practice to sell substandard goods or resort to deception to lure consumers into purchases.

Meanwhile, the national sales exhibition month, which began on September 10 in Beijing and 20 other large cities, produced good social and economic effects, said one of the organizers at an awards ceremony in Beijing yesterday.

Five hundred domestically-made products won awards in the special sales exhibit activities, which were organized by the Ministry of Commerce to help bring vigour to national industries and enhance the market competitiveness of Chinese products.

Organizers said the sales exhibition month campaign, the first such nationwide device in the past 40 years, attracted commodities worth more than 5 billion yuan (\$909 million) from 10,000 manufacturers around the country.

Incomplete statistics showed that the business volume turned in by the 72 large department stores which participated the activities reached 2.5 billion yuan (\$455 million), an increase of 46 percent over the same period last year.

The sales exhibitions were significant in popularizing quality domestic products, promoting the restructuring of production in national industries and helping them make preparations for the coming challenges from the international market when China regains its seat in Gatt, according to the minister of commerce.

Faster Market Economic Development Urged

*HK2611080092 Beijing GUANGMING RIBAO
in Chinese 31 Oct 92 pp 1, 2*

[Article by Gao Shangquan, vice minister of the State Commission for Restructuring the Economy: "Quicken the Pace of Reform, and Establish a New Socialist Market Economic Structure as Quickly as Possible"]

[Text] The 14th national congress report definitely points out that the objective of China's economic reform is to establish a new socialist market economic structure. This is a wise policy decision which has great historical as well as immediate significance. It indicates that our party has reached a new height in the understanding of Marxist theory and has thereby laid down a solid theoretical foundation for reform in China which will be carried over to the next century.

The Proposition of the Socialist Market Economy Is a Major Breakthrough, Both Theoretically and Practically

I. What is the market economy? What is the socialist market economy?

By market economy, we mean taking the market as the form and method of economic operation for allocation of resources to suit large-scale socialized production and internationalized markets. Socialist market economy means the market economy with the prerequisite of upholding the basic socialist system under the conditions

of socialism. Market economy is a general concept, while the socialist system is a specific one.

How should we understand the socialist market economy? There was a different understanding in the discussions some time ago.

Some said that the socialist market economy is the market economy under macroeconomic regulation and control. It is not wrong, but the market economy of modern times is not the one of the laissez-faire capitalist period, and there is no pure market economy in the world today. In capitalist countries, to smooth over the deficiencies of the market and rectify its ineffectiveness, governments undertake the necessary intervention and intensify macroeconomic regulation and control. That is why macroeconomic regulation and control is not a patent of socialism.

Some said that market economy means the planned market economy. This is not wrong, either. The present market economy is no longer the one of the past, which developed blindly. Planning is not a monopoly of socialism, so we must not say that planning means socialism, nor can we say that capitalism has no plans. That is why we cannot differentiate socialism from capitalism by whether the system includes planning.

Others said that socialism practices a market economy characterized by government guidance. Of course, it is certain that the government must exercise an important role in the socialist market economy, but we must not say that governments of nonsocialist countries do not attach importance to the government's role. Japan and the ROK also take the government's role seriously; does that mean you can say that they are socialist countries?

Still others said that socialist market economy means socialism practicing market economic methods, or comply market economy without the modifier "socialist." In their opinion, because the market economy is not equal to capitalism but is a form of allocation of resources which can be practiced in both capitalism and socialism, then, if we add a modifier in front of it, it seems that we want to pursue another kind of economic system, rather than assimilate and absorb the effective measures of the capitalist market economy.

After discussions, most comrades think that the presentation of the socialist market economy conforms to the national conditions of China and is easily accepted by everybody. Now, the words "socialist market economy" are written in the 14th party congress' political report.

II. The socialist market economy is a major development of the planned commodity economy.

In 1984, the "CPC Central Committee Decision on Economic Structural Reform" clearly proposed that the socialist economy is the planned commodity economy based on public ownership. The proposition of the planned commodity economy was an important theoretical breakthrough. Now, the proposition of the socialist

market economy is the inheritance and further development of the planned commodity economy. We call it an inheritance, because the commodity economy and the market economy are both vital. The social division of work and the means of production belonging to different principal interest bodies are the foundation of existence for both market and commodity economies. The market economy is the higher stage of development of the commodity economy, and we refer to it this way because the socialist market economy is more scientific in wording and more thorough in theory than the planned commodity economy.

First, the presentation of the socialist market economy signifies that China's economic operation will be based on the market. It was completely correct to call our economy the "planned commodity economy" in the past, but it was apt to have different degrees of comprehension. Some people viewed the planned commodity economy as a planned economy for commodities, which in essence is a planned economy. Now, people clearly understand that they should call it the socialist market economy, which is the socialist economy based on the market. Previously, the combination of plans with markets engendered a composite theory, leading people to think that the plan and the market were two separate entities that were put together to form the planned commodity economy. Once the socialist market economy is definitely put forward, this theory will no longer be tenable.

Second, commodity and market economies have different focal points, as the former emphasizes production that is carried out for the purpose of exchange, while the latter emphasizes the mode of resource allocation. Therefore, stressing the allocation of resources through the market mechanism will get closer to the intrinsic character of economic structure, and the market economy wording has more accurately and scientifically reflected the objective of China's economic structural reform than the commodity economy has.

Third, the proposition of the socialist market economy will inevitably compel all elements of production to enter the market; and the basic requirements for normal market economic operation, including labor power, land, mining resources, and so on, will all enter the market as well. Take labor power as an example: when labor power enters the market, it is not the form but the essence—who are owners of the value created by the labor power—that is important. Similarly, that is the case with land.

III. Socialist market economy's basic characteristic is that it is based on public ownership.

Some people said that market economy meant privatization of a capitalist nature. This is simply groundless. Market economy is not a patent of capitalism but an inexorable result of the social division of work and large-scale socialized production when they have developed to a certain stage. In terms of operational mode, the

socialist market economy is, by and large, similar to the capitalist one. As it is a product of human civilization, there is no such issue as socialism or capitalism by nature. The essential difference between socialist and capitalist market economies lies in the foundation of ownership. The specific character of the former is that the market economy is connected with and based on public ownership, while the latter is connected with and based on private ownership. Of course, the ownership structure at the present stage cannot be very pure. In the course of market economic development, the ownership structure will change, and overlapping between various ownerships will occur, with their respective advantages fully displayed. Through the issuance of B-shares by some state enterprises, foreign capital has poured in; some enterprises have issued shares to their staff and workers, so state enterprises cannot be considered very pure. In some collective enterprises, their shares are held by state firms, legal persons, and individuals, and they are no longer very pure collective enterprises either. Some private enterprises have embarked on the road of cooperative shareholding so that some of their shares are held by the public sector. The overlapping of multiownership has led to a mixed economy, and the tendency seems unavoidable. In respect of society as a whole, however, the public economic sector must play a leading role. Whether the proportion of various ownerships in the economy is appropriate hinges on whether they are conducive to the development of the productive forces. Other characteristics of the socialist market economy are: It reflects the principle of distribution according to work and takes this as a main body coexisting with other distribution modes, and it also brings about an equilibrium between efficiency and fairness. In the field of social distribution, differences in efficiency should be reflected in the first distribution, while social fairness should be reflected in the subsequent distributions so as to eventually become universally well-off.

Quicken the Pace of Reform and Establish a New Socialist Market Economic Structure as Quickly as Possible

I. We must expedite enterprise reform and institute a modern enterprise system so that enterprises will truly become the market's main component.

To suit the market economy, it is necessary to institute a modern enterprise system which has the following distinguishing features:

First, enterprises should center all their activities around the market and should become the main participant in market activities. If they do not focus their activities on the market and make decisions on their production according to the conditions of supply and demand, they are doomed to failure.

Second, it is necessary to change the enterprises' position as a government appendage and enable them to really become the main body of independent operation. Without decisionmaking powers, enterprises cannot be

revitalized. This is the primary duty to be fulfilled in transforming enterprise mechanisms.

Third, enterprises should earn profits, assume sole responsibilities for their own profits and losses, and exercise self-restraint. If enterprises merely depend on the state for subsidies rather than create wealth for it, how can the superiority of socialism be displayed?

Fourth, enterprises should equally compete with one another in the market, achieve the aim of self-development, and stick to the principle that the superior will win and the inferior will be eliminated. If we do not cling to this principle, we cannot properly practice the market economy, as enterprises will certainly go bankrupt if their assets cannot cover their liabilities. That is why we must make up our minds to let toppling enterprises go bust. Those who should die must die, so that the majority of enterprises will be revitalized.

II. Quicken the pace of price reform and institute a unified, open, competitive, and orderly market system.

The market economy calls for all elements of production to enter the market. We should form a modern market system with priority given to the financial market, and special attention should be paid to developing various markets in the fields of finance, labor service, technology, property rights, real estate, and so on. The property market has just started operation, and 99 percent of the allocation of land resources in the country are subject to approval by administrative fiat. As the great majority of land in China is allocated for use without compensation, the state must grant subsidies instead of obtaining financial revenue from it. Therefore, ever since land was publicly owned, its superiority has hardly been exploited for the lack of a good suitable structure.

Price is at the center of the market's essential factors. We should deliberately institute a pricing mechanism through which markets are regulated and controlled by the state and prices are decided by markets. Except for a small number of monopolized commodities and public welfare undertakings, control over all the other commodities will be incrementally lifted, and their prices will be decided by enterprises as well as markets.

The financial market holds an important position in the market economy. The current bond markets have very little risk, so we should increase the intensity of reform. The cultivation of stock markets should be adapted to the transformation of shareholding in enterprises; attention should be paid to their quality and effectiveness; and the tendency of rushing headlong into a mass action should be avoided. At present, we must take firm control of the basic work, including the perfection of the accounting system, the standardization of company regulations, and the modernization of transaction means, among others. Meanwhile, we must set up a national unified bond management and supervisory organ to intensify coordination and control.

III. Accelerate the transformation of government functions and institute a system of macroeconomic regulation and control which is suited to the requirements of the socialist market.

The market economy does not negate the government's role in regulating the economy, nor does it negate the role of planning. The modern market economy should effectively develop the functions of both government and planning. Take Germany as an example; the objectives of its macroeconomic regulation and control are: 1) stabilizing currency, 2) facilitating full employment, 3) balancing international payments, and 4) maintaining moderate economic growth. The government should play a greater role in these fields rather than concentrate its efforts on the management of enterprises at a micro level. Market economy is not an omnipotent power that will guarantee the treatment of all diseases, and there are limitations, inadequacies, and ineffectiveness in markets. Since the end of World War II, some countries have intensified government intervention which seeks to remedy market insufficiency and rectify market ineffectiveness so as to enhance economic results and bring about the optimum allocation of resources. To carry out effective government intervention, however, it is imperative to change government functions and streamline administrative organs, which is an important link of establishing the socialist market economy.

Then, how should the government functions be changed? In my opinion, we should: 1) change from the original practice which stressed direct control to one that stresses indirect control, 2) move control from a micro to a macro level, and 3) change from the previous work of examining the economy, approving projects, and distributing money and materials to the work focused on using economic levers, making plans, promoting coordination, exercising supervision, and providing services. In other words, all those that can be controlled by markets and enterprises should be controlled by them, and those that cannot be controlled by markets should be properly administered by the government. Only by so doing can the macro balance be achieved, organization be optimized, and enterprises be well operated.

IV. Institute a social insurance system which is suited to the socialist market economic requirements.

The socialist market economy calls for high efficiency, social fairness, as well as provision of social insurance. We must expedite the reform of the job-waiting insurance system and expand insurance coverage. It should be practiced among the staff and workers of state enterprises and expanded to all collective, private, and foreign-invested enterprises so as to provide the basic guarantee of livelihood for the staff and workers of bankrupt enterprises and those laid off due to reduction of staff during the job waiting period. The reform of the job-waiting insurance system should be coordinated and combined with the implementation of the Enterprise

Law, and the pace of adjusting the enterprise organizational structure and the industrial setup should be accelerated. We must make further efforts to properly handle the overall planning of retirement insurance for the staff and workers in state enterprises, enhance its socialized level, positively introduce the mechanism for individual insurance coverage, and change the original approach of retirement insurance totally undertaken by the state and enterprises. We must positively push forward the reform on the health care system, practice the method by which part of charges will be borne by staff and workers themselves, and institute an effective system of supervising medical expenditures so as to avoid unnecessary waste and losses. In light of the principles of unified policies, decentralized decisionmaking, adaptation to local conditions, and implementation in stages, we should positively push forward the reform of the housing system with a view to commercializing houses.

V. Expedite economic legislation and institute a legal system which is suited to socialist market economic requirements.

One of the basic duties of socialist market economy is to establish a market order and institute a legal system as well as a supervisory system for standardizing and improving the actions of enterprises and the government. At present, some enterprises have in fact suffered losses, but they have become profit-making enterprises after undergoing a "technical treatment" by taking such measures as entering account without actual payment, taking smaller share in costs, making no depreciation, and so on. Certainly, there are very few enterprises like this, but it has obviously exposed the fact that we lack an effective supervisory system. For this reason, we must expedite economic legislation while practicing the socialist market economy. **Emancipate the Mind and Boldly Explore a New Socialist Market Economic Structure**

"Changing thinking," as Comrade Deng Xiaoping has put it, means emancipating the mind, changing concepts, and avoiding endless quibbling over the issue of socialism or capitalism by nature. The socialist market economic structure that we are pursuing has no ready-made model. The founder of Marxism presumed that future society would be built on the foundation of highly developed capitalist productive forces. He predicted that both commodities and money could be abolished and substituted by distribution in kind under the precondition that the commodity economy would perish, but he did not provide a ready-made structural model. The Soviet Union was once engaged in a "wartime communist" structure, under which relations between commodity and money were abolished; a mode of distribution in kind for people's daily necessity was practiced; a system of supply in kind was adopted by the state toward enterprises; means of production were provided by the state without compensation; products were totally handed over to and directly distributed by the state; markets were set aside; and a system of collecting remaining agricultural products was practiced, by which

all the peasants' remaining grain was collected in the hands of the state. This structure did play an important role in coping with the imperialist encirclement and embargo. In subsequent practice, Lenin realized that the production and distribution methods carried out in accordance with the communist principles would not work at that time. He pointed out: "Actual experience has shown that we have committed mistakes in adjusting the state's production and distribution of products according to the communist principles in a country based on a small-scale peasant economy" (*Selected Works of Lenin*, Vol 4, p 572). Consequently, he resolutely changed to the "new economic policy." The principal contents of the "new economic policy" were the restoration of commodity and money and the exercise of the market role. The system of collecting peasants' remaining grain was changed to a taxation system, thereby the relationships between the state and peasants were readjusted, and the initiative of the vast number of peasants was aroused. At the same time, foreign and private capital was utilized to restore and develop the productive forces, and the concession system, leasing system, and others, were adopted, under which some state-owned enterprises were rented to foreign capitalists and individuals to import new technology, absorb foreign capital, and improve enterprise management. Afterward, the Soviet Union failed to put the new economic policy into effect. People can imagine that, had it continued with the new economic policy, it would not have come to be in such a mess today. In the course of construction, we have repeatedly encountered the interference of "leftist" deviation, with some people always attempting to eliminate commodity, money, as well as the law of value. In 1952, Stalin recognized in his work, "Issues on the Socialist Economy," that consumer goods were commodities. He made a step farther than before, but the following questions still remained: First, he negated the idea that the means of production are commodities, thinking that production in the Soviet Union was a kind of specific commodity production, "its scope of activities was restricted to personal consumer goods only," and "production means had lost their property as commodities and therefore were not commodities any longer." Second, he believed that the law of value could not exercise the regulating role over production, while the law governing planned development of the national economy and the state plans were regulation charts [tiao jie biao 6148 4634 5903] for production. Third, he stressed that the process of transition from socialism to communism was to gradually diminish the circulating sphere of small commodities. Fourth, regarding the ownership structure, he maintained that there were only two patterns, i.e., public and collective ownerships. Moreover, he wanted to upgrade the ownership of collective farms to public ownership and exclude the nonpublic economic sectors. Stalin's above viewpoints had laid down the theoretical foundation for a highly concentrated planned structure. Therefore, to set up a new socialist market economic structure, we must thoroughly emancipate our minds and extricate ourselves from the former model and conventions of Stalin's

theory, because this model has been proved in practice to transcend our present development stage and fetter the development of productive forces.

At present, there are generally three market economic models in the world: the German, the Japanese, and the U.S.

The German model. It is a social market economic model that has drawn in some advantages of the socialist countries such as "social fairness," "social insurance," and so on, but it discards the socialist highly concentrated planned economic system. People think that there are two indispensable fields, one is the market that brings efficiency, and the other is the social welfare policy that provides social protection, fairness, and progress. The two should be combined. No measures of social protection and fairness are allowed to hinder the development of market mechanisms and functions.

The Japanese model. It includes the ROK and other countries and is called "coordinated market economy" or "corporate market economy." It has the characteristic of stressing the coordination and harmony of economic relationships. On the premise of exercising a market role, it concentrates its efforts on the mutual restraint and coordination of the macroeconomic structure and gives full play to the guiding role of industrial policies.

The U.S. model. Some people call it the "decentralized market economy." The government provides guarantees for market competition through legal provisions as well as procedures of law enforcement. As a result, investors dare to take risks and put funds into new high-tech industries. The circulation of funds is comparatively flexible, which is conducive to enhancing economic results.

Above are the three principal market economic models now practiced in the capitalist countries. Each one has its specific mode. We should integrate them with China's reality and, under the condition of upholding socialism, courageously absorb and assimilate the capitalist countries' approaches to the market economy, emulating their advantages and incorporating diverse elements. Judging from the development history of various countries in the world, those which develop rapidly always make progress by absorbing the strong points of other countries. Those that were closed lagged behind; and those which had a greater degree of openness and were good at emulating others' strong points have grown rapidly. Therefore, in learning from and taking as reference all the useful operation modes and management experiences of the capitalist countries, we must be even bolder and our minds must be further emancipated, because they are achievements of civilization created by mankind. We should overcome our shortcomings by learning the strong points from all countries in the world in a bid to develop our economy still faster and establish our socialist market economic structure as quickly as possible.

New RENMIN RIBAO Column Comments on Reform
HK2711065892 Beijing RENMIN RIBAO in Chinese
20 Nov 92 p 5

[Report: "RENMIN RIBAO Opens 'Commentary on Accelerating Reform, Opening Up, and Development' Column"; first two paragraphs are an editor's preface]

[Text] At this time, when this "Brief Commentary on Accelerating Reform, Opening up, and Development" column is open for contributions, we are glad to have invited Comrades Zou Jiahua [6760 1367 5478], Li Tieying [2621 6993 2503], and Zhang Jingfu [1728 0513 1133] to write brief commentaries on studying the spirit of the 14th CPC Congress. Although each of these three commentaries is barely a little more than 200 characters, we have a feeling of simplicity and cordiality and have been deeply impressed upon reading them. This indicates that articles can be written in a short form and new ideas can be written out in brief articles.

We hope that leading comrades at various levels and experts and scholars from various circles can take the lead in writing articles which are brief but substantial, brief but new, and brief but penetrating, so that the might of the "lively, fresh, and vigorous" writing style advocated by Chairman Mao and Comrade Deng Xiaoping can be brought into play, thus promoting the construction of socialism with Chinese characteristics.

Enterprises Must Be Oriented Toward and Enter the Market—by Zou Jiahua

The 14th CPC Congress proposed the establishment of the socialist market economy, and this is a very important point. Enterprises must be oriented toward and enter the market, which is not an easy task to fulfill.

In the past, a unitary planned economy was implemented for quite some time. The senior authorities were in charge of assigning tasks, appropriating funds, allocating raw materials, and collecting products. As a result, many enterprises were only responsible for production and did not pay attention to the market, thus leading people to develop a dependent mentality and suffer from inertia. Under these circumstances, products were not properly sold to suit the right needs and, furthermore, enterprises lacked vigor.

Looking at the present situation, only when we establish a socialist market economy, study market economic theories, transform our ideas, and participate in competition, will enterprises be able to extricate themselves from this predicament, thus accelerating the pace of socialist economic construction.

Conscientiously Summing up the Experience of "Greenhorn Heroes"—by Zhang Jingfu

It is worthwhile to conscientiously sum up Jiangsu's experience in developing a socialist market economy. I came into contact with Jiangsu at three stages. At the first stage, around 1975, I went to Changzhou and found

that collective enterprises there were operating in a vigorous manner, among which eight enterprises were most outstanding. I was greatly touched by this, feeling that the concept of "public ownership as superior and of collective ownership as inferior" was wrong. Whether an enterprise is superior or inferior depends on its benefits. At the second stage, after 1980, I took somebody to Wuxi County and saw that lateral economic ties were pretty good there. At the third stage, I went to Nantong and Zhangji Jiang after taking office in the State Council, and observed that a number of peasants and cadres had tempered themselves and matured through developing township and town enterprises. They were also capable of running industries, and a number of "greenhorn heroes" came upon the scene. I hope that everyone will conscientiously sum up this kind of experience.

The People's Quality Must Also Move Up a Stage—by Li Tieying

Neither poverty nor ignorance is socialism. The people's quality must also move up a stage as we move from subsistence living to a relatively comfortable life. Japan was relatively developed in education before its economic take-off, and a high-quality labor force was available when its economy took off in the 1960's. Generally speaking, in our country's rural areas, people with a senior high school education are richer than those with only a junior high school education, people with a junior high school education are richer than those with only a primary education, and people with a primary education are richer than illiterates. As far as opening up to the outside world is concerned, whether the investment environment is good or bad largely depends on whether the quality of laborers is high or low. It will not be possible for our economy to take off in the 1990's if a large number of qualified and talented individuals is not available. Hence, we must make efforts to improve education. We must speed up the development of education and accelerate reform of the educational system and teaching methodology.

From Fujian's Point of View, the Only Way Is To Implement a Socialist Market Economy—by Jia Qinglin, Governor of Fujian Province

The 14th CPC Congress report unequivocally stated that the goal of our country's economic restructuring is to establish a socialist market economy. This is a major breakthrough which will certainly play a very significant guiding role in deepening reform, opening up wider, and promoting economic development. The socialist market economy's establishment is the only way to liberate and develop the productive forces. Fujian's GNP has been increasing an average of 10.9 percent over the past 14 years, which is closely related to the gradual development of the socialist market economy. With the continuous deepening of reform and opening up, the scope of planned management in Fujian in recent years keeps decreasing, whereas the proportion of market regulation keeps increasing. For example, 90 percent of social commodity retail prices are regulated by the market.

Prices have been basically lifted from farm produce, including grain, and peasants have begun to gradually plan farming activities in accordance with market needs. The output value of foreign-invested enterprises and of township and town enterprises—which operate completely or basically in accordance with the law of market—accounts for over 50 percent of the gross output value of the whole province, and their exports account for one-third of the GNP. From the very beginning, Shishi city in our province has been developing according to the pattern of “small government and big services,” and “small commodities and a large market.” The aggregate supply and demand since the city was founded three years ago has increased more than 300 percent, which can be described as a successful example of establishing a market economy under socialism. It fully demonstrates the fact that places which give full play to the market’s role will have a better development situation and stronger economic vitality.

The establishment and perfection of the socialist market economy is an important matter which has a bearing on the overall situation of socialist modernization and is a long-term process. The key at present is to further emancipate the mind, to transform ideas, and to truly act in accordance with the criteria of the “three favorables” set forth by Comrade Xiaoping to expedite various market-oriented reforms and to vigorously develop a socialist market economy. As far as Fujian is concerned, we must make efforts for several years to accomplish three things first: Fujian will primarily develop an export-oriented economy; its resources will mainly be allocated in light of the market; and government functions will essentially be macroscopic and indirect.

Agriculture’s Hope Lies in the Market—by Ou Youcai [2962 2589 2088], cadre of Shenjiatuan Township, Qiaoxi District, Zhangjiakou City, Hebei Province

The popular song “In the Field of Hope” has been widely sung by peasants for quite some time. Nowadays, the spring tide of the commodity economy is surging ahead, and peasants should also sing new variations of this song. Recently, when this writer discussed the issue of attaching great importance to agriculture with an agricultural worker, who said that the hope of agriculture lies in the market. He forwarded an idea which gives us much food for thought.

The market is a great space. In the great and colorful world of the commodity economy, new changes in people’s consumption mentality have taken place, and those commodities that people favor and demand have become the goal that they pursue. Now, at a time when changes are being made to march toward a socialist market economy, peasants must also catch up with the times and transform traditional ideas about farming. In no way should they refrain from making changes. In the past, peasants did not make any great effort on cultivation, because their grain and vegetables were all purchased by the state, and they did not have to worry that their produce might be left unsold. After the gradual

lifting of restrictions on farm produce, the situation has changed, and peasants have to rely on themselves and be responsible for their own production and marketing. If they take no heed of market regulation, plant crops blindly, and develop by following the “dominant trend,” the output and supply of certain farm produce is bound to exceed sales and demand. In consequence, we will have surplus and unsalable goods, while other types of produce will be in short supply.

It is our duty, as leaders at various levels, to push agriculture to the market. To realize a total balance of supply and demand, we must guide peasants to transform their ideas, break away from a unitary pattern of production, readjust and optimize the farming structure, orient toward the big market, and take pains with their work. Meanwhile, as far as the variety of farm produce is concerned, it is necessary to diversify production and strike a balance between supply and demand. Only in this way can we take the initiative in the market of hope.

Reform Needs Practice—by Pan Fan [3382 3879], staff member of the Beijing Statistical Bureau

Looking back on the course of reform over the past 14 years, we can easily see that, if it had not been for the great practice over the past 14 years, our party would not have put forward the establishment of the socialist market economy as the goal of economic restructuring, and it would not be possible to further define the principal content of the theory of building socialism with Chinese characteristics. This has once again proved a plain but profound truth: Reform needs practice.

To realize our goal, we must accelerate reform, opening up, and development and must continue to practice. We must not only uphold the basic socialist system but must also enable the market to play a foundation role in resources allocation under state macroscopic regulation. We must not only take public ownership as the main body but must also develop diverse economic components, including foreign investment. We must not only give play to the leading role of state-owned large and medium enterprises but must also facilitate their effort to transform the operating mechanism. We must not only ensure long-term and stable policies to mobilize the peasants’ enthusiasm but must also improve the standard of intensive farming and productivity. We must not only straighten out the system but must also improve the people’s quality of life ... hence, we should study every experience, but there is no ready-made model which can be copied indiscriminately. We can only explore in practice in combination with China’s national conditions. We should consolidate everything successful, perfect everything effective, and make changes when we have failed.

Practice will never be free from risk; nor will it be smooth sailing. However, if we deny practice or dare not practice when we run into trouble, reform will never be successful, society will never develop, and the country

will never be prosperous or strong. Reform is an opportunity which knocks but once. Only people who are brave in practice can achieve success in reform.

Pen Talk on Socialist Economic Market Reforms

*HK2711045892 Beijing RENMIN RIBAO in Chinese
16 Nov 92 p 5*

["Pen Talk on Arming the Whole Party With Comrade Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics" by Chen Jinhua (7115 6930 5478): "Promote Accompanying Reforms, Establish Socialist Market Economic Structure"]

[Text] The nature of China's economic structure reform is the socialist system's self-perfection and development. It is not perfection and development in the general sense, but a fundamental change in the system and mechanisms. In this sense, this can be described as another revolution. This is mainly because success in the socialist revolution has opened up broad prospects for development of social productive forces. However, the task of liberating the productive forces has not ended. The fact that we established socialism against a semicolonial and semifeudal background where large-scale socialized production was not fully developed and that we have used the unsuccessful experiences of other countries for a fairly long time, coupled with the influence of "leftist" ideas, gave rise to impractical "fantasies" among us. In the system and mechanisms we have to build, protecting and promoting development of productive forces will inevitably exist, and so will the fettering and hindering of development of productive forces. The latter aspect is mainly reflected in the original economic system which is unsuited to development of large-scale socialized production. Therefore, we must be very determined to reform the economic structure in a way that is beneficial to better and quicker development of social productive forces. If reform is not implemented and if productive forces are not liberated, the economy cannot grow rapidly, the people's material and cultural life cannot improve, and socialism cannot gradually catch up to and overtake capitalism. If so, the economy will be unable to develop in the long run, and moreover this will bring all kinds of serious adverse consequences politically.

The goal of China's economic structure reform was decided on and confirmed by the 14th CPC National Congress as establishing a new socialist market economic structure. This is another important development of Marxist economic theories in China and is a concentrated conclusion of the socialist economic pattern with Chinese characteristics which we are establishing. It is an extremely correct and timely reform strategy and policy decision. In the 1990's, we must conscientiously implement a series of accompanying reforms under the guidance of this policy decision, with the socialist market economic structure being established first. At present, it is necessary to attach proper importance to the following key links and quicken accompanying comprehensive reforms.

First, It Is Necessary To Make Great Efforts To Change Operational Mechanisms of State-Owned Enterprises So They Can Gradually Suit the Socialist Market Economy's Development

Enterprises are the main body of market activities. They are also an important foundation for the formation of the socialist market economic structure. If their operational mechanisms are unreasonable, and if they cannot sensitively and promptly respond to market messages and signals or produce marketable products or offer highly efficient services, it will be impossible to establish the socialist market economic structure.

The goal of changing the operational mechanisms of China's state-owned enterprises has long been clearly set in the central authorities' "Decision on the Reform of the Economic Structure," that is, to enable enterprises to become real economic entities with relative independence as well as commodity producers and dealers that operate independently, assume sole responsibility for profits and losses, and possess the capacity of self-transformation and self-development. This demands the separation of the functions of government from those of enterprises and separation of ownership and operating power. To achieve this, as practice over the past dozen years or so proves, it is first necessary to straighten out property right relations so that enterprises can have the power to manage state-owned assets and assume responsibility for the maintenance and increase of the value of these assets. For such a change, many methods are available, and the change can be made in different periods according to different conditions. For example, industries and enterprises that operate in conformity with state industrial policy can continue to practice the contract management responsibility system. However, the method must be improved and perfected by gradually changing the current practice of contracting to merely turn over profits to the state to one of contracting to manage assets or contracting on input and output. In the meantime, we can trust or authorize the use of state property rights to the enterprise, and during the contract period, the enterprise is totally responsible. Some small enterprises can operate by obtaining leases, some can change to collective or individual operations through public auctions and compensated transfers, and others can change to state-owned private operations. The joint stock system is a comparatively good organizational form of enterprise, gradually created and developed by humanity in the course of large-scale socialized production. It plays a positive role in straightening out property right relations, separating government administration from enterprises, separating ownership from operational power, and promoting change of operational mechanisms of enterprises. It is also beneficial to concentrating funds from society for large-scale development and promotes the rational flow of assets and the optimization of business organization and industrial structure. We should resolutely arrange for experimental projects, conscientiously sum up experiences, and step up the formulation and implementation of relevant laws, regulations,

and standardized systems. When the conditions are ripe, we should gradually expand these projects.

Second, Foster and Develop a Unified and Open Market System as Soon as Possible and Create a Good Market Environment for Fair Competition Among Enterprises

To establish the socialist market economic structure, it is, of course, necessary to have a corresponding developed market system. Although China's market has developed greatly since reform and opening up and the overwhelming majority of products have had their price controls lifted and are regulated through the market, the depth and breadth of development is still insufficient and very imbalanced. For instance, comparing the commodity market and the means of production market, the former is generally more developed while the latter obviously lags behind. Judging from different commodity markets, the markets of agricultural and sideline products and of industrial consumer goods are developing comparatively quickly while the capital goods market is developing comparatively slowly. Judging from conditions of the farm product market and the industrial consumer market, the retail market is generally developing comparatively well while the wholesale market lags far behind. Therefore, it is necessary to adopt specific effective measures and, while continuing to develop the commodity market and especially the capital goods market, vigorously foster and improve the comparatively weak links including technology, labor service, information, and real estate markets, and capital market, which includes such valued securities as stocks and bonds. It is necessary to attach the same importance to reform in the circulation sector as to the production sector and readjust relevant management organizations and organizational structures in keeping with the concept of large market and large circulation, and gradually to develop some new business forms, such as the large complex shopping malls and the futures market, with a view to ensuring long-term and steady supply channels of some bulk products. It is necessary to resolutely shatter all forms of monopoly, separation, and blockade; smooth commodity economic channels of urban and rural areas; and bring about the rational circulation of commodities. In the meantime, accordingly, it is necessary to strengthen market management, perfect market laws and regulations, standardize market behavior and order, and promote and protect fair competition.

Price reform is the key to developing the market and deepening economic structural reform. We should vigorously proceed with it in light of the enduring capacity of various quarters and by using a method that integrates price readjustment and the lifting of price controls with emphasis on the latter, and to cancel the "double-track" pricing system as soon as possible. It is necessary to gradually make it possible for prices of the majority of commodities and labor services to be determined by market supply and demand while those of the minority of important commodities and labor services are determined or approved by the state. However, it is also

necessary to formulate correct pricing policies and establish and perfect price forming mechanisms in keeping with the demands of the law of value.

Third, Conscientiously Improve Reform of the Distribution Structure and the Social Security System and Offer Necessary Social Conditions for All Quarters To Initiate Socialist Market Competition

In keeping with the principle of planning as a whole and considering the interests of the state, collectives, and individuals, we must gradually establish a distribution system that is both beneficial to bringing into full play the initiative and creativity of all quarters, and enables every laborer or member of society to have a certain degree of social security. This is one of the major pillars that form the socialist market economic structure and also an important embodiment that demonstrates the superiority of the socialist system. Therefore, it must be placed in a conspicuous position in the current work and be conscientiously established.

As for interest distribution between the central and local authorities and between the state and enterprises, what we are practicing now is basically a form in which enterprises contract to turn over profits or the state grants fixed subsidies. This is a very great improvement on the original financial system, under which revenue and expenditure were all controlled by the central government and everyone ate from the same "big pot." It plays a very great role in bringing into play the initiative of all localities and vast numbers of enterprises to increase revenue and save expenditure. Since this contracting method is very unstandardized, it easily leads to unfair competition and is unfavorable to promoting the readjustment of the economic structure and the optimization of regional layouts. Therefore, as far as the direction for development is concerned, we should practice a tax separation system on the basis of clearly defining the operating powers between the central and local authorities, and separate taxes from profits between the state and enterprises. This is also a method ordinary countries will generally use under the conditions of large-scale socialized production and market economy. However, since this reform involves the readjustment of the current interest layout, the task will be very arduous and complicated. It must be gradually proceeded with on the precondition of appropriately looking after the reasonable interests of all quarters. As for the distribution relations between the collective and individuals, it is necessary to establish in such units as enterprises, organs, and institutions, wage systems and normal wage increase mechanisms that conform to their own characteristics; resolutely improve distribution according to work; and rationally widen the income difference to bring into better play people's initiative. In social distribution, it is necessary to bring into effective play the regulating role of taxation to regulate excess income differences. In the meantime, it is necessary to perfect and develop social security systems including

unemployment, retirement, and medical systems; continue to proceed with housing system reform; and alleviate the unfairness in social distribution and gradually achieve common prosperity.

Fourth, Quicken Reform of the Macroeconomic Management Structure and Vigorously Change Government Functions So the Superstructure Meets the Demand of Development of Socialist Market Economy

This area of reform can be said to be making comparatively low progress in China's current economic structure reform and is a very weak important link. If we cannot make substantial progress in it as soon as possible, the various contradictions inevitably brought about by the coexistence of old and new structures will be difficult to alleviate, and unnecessary difficulties and resistance to the change of operational mechanisms in enterprises and even the establishment of the socialist market economic structure will increase.

Viewing the history and present situation of China's economic management, to achieve the change of government functions, the most important is to resolve the problem of the integration of government administration with enterprises and of ownership and operational power, gradually and clearly define the three functions of the government as the owner of state-owned assets, social administrator, and macroeconomic regulator; and reasonably exercise these functions according to the objective demands of economic development. That is to say, as owner of state-owned assets, the government can establish a set of scientific and effective systems for the management and handling of state-owned assets, and has the right to send representatives to join the board of directors of an enterprise or its management committee. As the collective representative of owners, it is responsible for the selection of enterprise managers; makes decisions on important development strategies, construction investment, and profit distribution; improving strict financial supervision and necessary coordination services; and so forth to ensure the maintenance and increase of the value of state-owned assets. As social administrator, it can formulate various necessary laws or regulations, foster and promote the development of various types of markets, and form comparatively perfect market regulations and social order to ensure that all quarters can compete in an open, fair, and just way. As the macroeconomic regulator, we can guide and regulate the overall economy's coordinated development through improving economic development predictions, balancing and regulating aggregate amounts, planning the layouts of important structures and productive forces, reasonably setting economic strategic objectives, and formulating and using corresponding economic policies, and so forth. In keeping with this demand, government departments must change direct management, which includes allocating investment and resources, approving projects, and setting indexes; to indirect regulation, which includes improving overall planning, formulating policies, organizing for coordination, offering services, strengthening auditing, examination, and supervision,

and so forth, leaving to the market and the enterprise those problems that can be resolved through the market or that should be resolved by enterprises. Moreover, we must further reform the management structures for planning, investment, banking, and some special departments, and simplify the relevant administrative structure correspondingly.

We should see that establishing the new market economic structure in China is a very complicated and arduous task. In addition to paying good attention to the above important points, vigorously proceeding with the change, and making breakthroughs, it is also necessary to uphold the correct guiding thought and work methods.

First, It Is Necessary To Further Emancipate the Mind and Change the Concepts

This is the precondition for quickening reform and opening up at the present time. As early as November 1979, meeting with Giblein [ji bu ni 0679 1580 1441] the vice editor-in-chief of U.S. *Encyclopedia Britannica*, Comrade Deng Xiaoping pointed out: "It is definitely incorrect to say that market economy is confined only to capitalist societies or to capitalist market economy. Why cannot socialist societies practice market economy? Market economy already budded in the periods of feudal societies. Socialist societies can also practice market economy." However, for a fairly long time, we did not have a deep understanding of this important view by Comrade Deng Xiaoping, and were still influenced by traditional concepts and still fettered by some abstract arguments about capitalism and socialism with the result that we did not proceed with reforms that should have been initiated. We sometimes doubted some of the experiences of success we had obtained and dared not spread them boldly. In the future, we must judge the rights and wrongs about economic reform in light of Comrade Deng Xiaoping's criteria regarding whether something is "favorable to the three things [reform and opening up, development of productive forces, and modernization]," emancipate the mind, and make bold attempts and exploration. It is necessary to have a deep understanding that given the condition of the coexistence of the two social systems in the world today, there is the aspect of opposition and struggle between socialist and capitalist countries, as well as the aspect of cooperation, utilization, study, and learning for reference. For socialism to win an advantage comparable to capitalism, it is necessary to boldly absorb from around the world all advanced operational forms and management methods that reflect the law of socialized production. Foreign capital, technology, and skilled personnel can all be used by us. Likewise, as necessary supplements to socialism, foreign-funded and private economies should be further developed. On the condition of upholding the fundamental socialist orientation and its due characteristics, only by boldly absorbing and effectively utilizing the various advanced experiences of other countries will it be possible for China to quicken and succeed in its economic development and economic reform.

Second, It Is Necessary to Insist on Proceeding From Reality and Be Based on Practice

Establishing the socialist economic market structure is not merely a comparatively strong theoretical question. More importantly, it is a question of practice. In socialist economic reform, there has not been a set of completely successful experiences to follow. In line with Marxism regarding practice coming first, it is necessary to insist on proceeding in all cases from reality and work hard at study and practice. Compared to other former socialist countries, China started its economic structural reform comparatively late. Nevertheless, it has scored the most obvious success and has drawn attention from all parts of the world. Its basic experience is being continuously explored and tried and summed up and developed in a realistic way, whether in rural areas or in cities, whether at grass-roots levels or at higher levels, whether in a small area or in a large area, and whether in resolving comparatively easy problems or in resolving comparatively difficult problems. Judging from China's current actual situation, over the past dozen years or more of reform, all localities have created many good practices and experiences in some important areas of reform. For instance, a large number of key enterprises, such as the Shoudu Iron and Steel Corporation and the Shanghai No. 2 Textile Machine Factory, are the first to have invigorated themselves through different forms and have obtained the preliminary experience in changing their operational mechanisms. By invigorating enterprises, developing township and town enterprises, gradually lifting price controls, and developing various types of markets, Shenzhen and other special economic zones and the Zhujiang and Changjiang Delta areas are the first to obtain the experience that economic activities mainly rely on market regulation and the allocation of various resources is based on the market. Places like Shenzhen and Hainan have, in keeping with the principle of small administration and big service, obtained experience in streamlining government administrative structure, changing government functions, simplifying macroscopic management, promoting rapid economic development, and so forth. As long as we conscientiously sum up these experiences and appropriately use and spread them in light of actual local situations, we can find good experiences with which we can effectively quicken the establishment of a nationwide socialist market economic structure.

Third, It Is Necessary To Improve Overall Planning and Guidance to Different Types of Areas

Establishing the socialist market economic structure needs the adjustment of a series of corresponding policies. It is necessary to formulate an overall plan and put it into practice systematically and in a planned way. It is necessary to proceed, according to national overall preparations, with some important reform measures, such as the property right system of state-owned enterprises, the investment structure under which state allocations are used, the financial and taxation system, the banking structure, import and export policies, and exchange rate

adjustment. As for other reforms, such as market cultivation and development, price system reform, the change of enterprise operational mechanisms, and the change of government functions, we should give guidance to different types of areas according to national overall preparations. For some reforms that are more related to a particular locality, we can allow the locality to prepare and proceed with its reforms. China has a vast territory and a vast population. Its economic and cultural development is very unbalanced. Different areas, departments, and even enterprises differ greatly from one another. The current economic market foundation is also very different from what cadres and the masses think. Therefore, it is impossible to immediately succeed in reform by following a standardized pattern. It is necessary to encourage, under a fixed and standardized plan, all localities to proceed from their own conditions, integrate central principles and policies with local realities and the spirit of reform with the scientific approach, and appropriately proceed with reform according to local situations.

Fourth, It Is Necessary to Quicken Development of the Economic Legal System To Gradually Standardize and Systematize Economic Structure Reform

By saying that we need to establish a socialist economic market structure, we mean that we need to form a market-based structure to organize and manage the economy. It must ultimately be basically standardized and possess a certain degree of legal effect. If it is largely haphazard or only constitutes some temporary flexible measures, it is no structure. Therefore, as reform is deepening, it is necessary to strengthen the development of the legal system accordingly and gradually to form a system of economic laws and regulations that suit socialist market economy. It includes laws and regulations standardizing various basic economic relations, such as commercial, budget, banking, property, market, and company laws; formulating laws governing market rules, such as antimonopoly and improper competition, trademark, patent, criteria, and measurement laws; and those that settle economic behavior in some special areas, such as accounting, auditing, and cost laws. For those localities not in a position for legislation for the time being, they must first formulate corresponding provisional regulations or rules, laying a necessary legal system foundation as soon as possible for structural economic reform. In the meantime, it is also necessary to establish a number of economic organizations that support the effective implementation of these laws, such as lawyer and auditor offices, and price-appraising organizations for the assets of enterprises and real estate. It is necessary conscientiously to strengthen and improve relevant law-enforcement and supervision work and really improve the political quality and professional levels of personnel of these departments. Our goal is that all economic activities must proceed according to law, laws must be strictly enforced, and lawbreakers must be held accountable, to safeguard the orderly and healthy development of economic reform and the economy.

State Council Approves High-Tech Development Zones*HK2511131992 Hong Kong ZHONGGUO TONGXUN SHE in English 1144 GMT 25 Nov 92*

[Text] Nanjing, November 25 (CNS)—The State Council recently approved the establishment of three state-level new high-tech industrial development zones in Suzhou, Wuxi and Changzhou in Jiangsu Province as well as one state-level science and technology industrial zone for environmental protection in Yixing County in the province. The four zones will enjoy the relevant preferential policies formulated by the State Council for such zones.

The zone in Suzhou will occupy an area of 6.8 sq. kilometres and will be located west of the Beijing-Hangzhou Grand Canal and east of Lingyan Scenic Spot. The zone in Wuxi with a total area of 9.45 sq. kilometres will consist of two parks, namely, Xinan High-tech Industrial Development Park and Yixing Industrial Park of Science and Technology for Environmental Protection. The latter is the first of its kind in the country and will aim at developing high-tech environmental protection industries. The zone in Changzhou will cover an area of 5.63 sq. kilometres and will be situated south of the Shanghai-Nanjing Expressway and north of Hehai Road.

The above-mentioned four newly approved zones, together with the Nanjing New High-Tech Industrial Development Zone previously approved by the State Council, the Nandong New High-Tech Industrial Development Zone, previously approved by the State Science and Technology Commission as well as Zhenjiang and Yangzhou which recently joined the "Suzhou-Wuxi-Changzhou Torch Belt" will form a new high-tech industrial development network along the Yangtze River within the province. This is of profound significance with regard to the development and openness of the region and to the upgrading of industry within the province.

Beijing Establishes Export-Labor Training Center*OW1311095292 Beijing XINHUA in English 0928 GMT 13 Nov 92*

[Text] Beijing, November 13 (XINHUA)—The Beijing municipal government established its first large export-labor training center on November 12.

It is attached to Beijing's Culture and Education Office. The center will enroll and train personnel in Beijing and will be in charge of despatching them abroad.

The center will use the established vocational schools and training organizations to hold training classes in accordance with the latest information on the world labor market.

Daqing High-Tech Zone Promoted to State Level*OW2611085792 Beijing XINHUA in English 0812 GMT 26 Nov 92*

[Text] Harbin, November 26 (XINHUA)—The State Science and Technology Commission has approved the promotion of the Daqing High-Tech Development Zone to state level after ratification by the State Council.

The Daqing High-Tech Development Zone, construction of which started April this year, covers an area of 6.8 sq [square] km.

Now there are 78 domestic and overseas enterprises registered here including 31 foreign-funded ones with a total investment of 389 million yuan (about 71 million U.S. dollars).

The development zone will promote the petroleum and petroleum processing equipment, electronics, information, petrochemical technology, nuclear power application, biological engineering and related high-tech industries.

Sichuan Reports Biggest Bankruptcy Case to Date*HK1011111292 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 3 Nov 92*

[Excerpts] Yesterday morning, judges adjudicated on China's biggest bankruptcy case yet, pronouncing Chongqing General Knitting Factory insolvent as of 3 November. The news of this bankruptcy case caused a stir in Chongqing City. The following is a detailed report from our staff reporter (Du Changhong):

The Chongqing City Intermediate People's Court announcement indicated that a state-owned enterprise, which was founded in 1950 and had nearly 3,000 workers, over 40 million yuan's worth of assets and creditor's rights, an annual production capacity of 16 million pieces of knitwear, and an annual processing capacity of 800-tonnes of chemical fiber, is no longer in existence, and has become China's biggest bankrupt enterprise so far.

The bankruptcy of Chongqing General Knitting Factory has boosted people's confidence in the certainty of the goal of building a system of socialist market economy. The market is broad, offering opportunities as well as posing challenges: market competition is both rational and cruel. If you do well, you survive, but if you perform poorly, you get eliminated—it is either one or the other. This case has also demonstrated Chongqing's determination in pushing ahead with the implementation of bankruptcy measures and firmly acting in the spirit of the 14th CPC Congress in all directions. [passage omitted]

Before and after the bankruptcy of Chongqing General Knitting Factory, the city party committee and government, as well as relevant departments, all stressed the

need to do the work actively, securely, and in a down-to-earth manner. So far, arrangements have been made for the reemployment of over 300 workers and retired workers' wages have also been properly taken care of. A wide spectrum of avenues of reemployment will be exploited for the workers in accordance with laws and regulations.

After causing a sensation, Chongqing General Knitting Factory's bankruptcy will set people thinking: The socialist market economy is calling for pioneers. Only by transforming its operating mechanisms as soon as possible, boldly moving toward the market, and striving to excel in the intense market competition, can an enterprise become a winner.

East Region

Fujian Governor on Developing Tertiary Industry

HK2511134092 Fuzhou Fujian People's Radio Network in Mandarin 1100 GMT 19 Nov 92

[Excerpts] Fujian Governor Jia Qinglin today presided over the 13th provincial government routine work session. He Shaochun and Chen Shuqing, provincial party committee standing committee members, attended the session on invitation. Persons in charge of relevant departments directly under provincial authorities attended the session in a nonvoting capacity.

At the session, Executive Vice Governor Chen Mingyi relayed the spirit of the national work conference on expediting the development of the tertiary industry, and forwarded initial opinions on the spirit's implementation in our province. [passage omitted]

Governor Jia Qinglin was the last to speak. He demanded that departments directly under provincial authorities conscientiously study and implement the spirit of the national conference on expediting the tertiary industry's development. At the same time, departments must actively formulate preferential policies and measures for promoting speedy development of the tertiary industry in connection with the practical conditions at each department, and should tender their opinions to further revise the provincial party committee and government's opinions concerning developing the tertiary industry.

'Roundup' on Fujian's New Development Strategy

OW2611135492 Beijing XINHUA in English 1128 GMT 26 Nov 92

["Roundup" feature]

[Text] Fuzhou, November 26 (XINHUA)—Fujian Province in southeast China has decided to speed up the development and opening of its southeastern region.

Observers say that the new strategy is made with the aim of promoting the overall development of the province's economy.

According to the new development plan, the province hoped to make the per capita gross domestic product of the region catch up with Taiwan by the year 2020 and reach 35,000 U.S. dollars after more than 30 years' intensified construction.

Can this target be realized? Local officials' answer to this question is quite clear: They have great advantages of realizing the target.

The southeastern region is located between the Pearl River delta and Yangtze River delta, consisting of five major cities of Fuzhou, Xiamen, Quanzhou, Zhangzhou and Putian.

The region used to be an important window for Sino-foreign economic exchanges in history. Quanzhou was the origin of the marine "Silk Road". Besides, the region is the ancestral home of many Hong Kong, Macao and Taiwan compatriots, among whom, an increasing number have become known worldwide as industrial magnates, as well as scientific and technological celebrities.

Local officials said that they can and have the most favorable conditions to use the existing economic, trade foundation and market connections formed between the region and Hong Kong, Taiwan, especially the re-export trade, financial lending and borrowing, information transmission and industrial transformation in Hong Kong to enhance the economic development of the southeastern area, making the region become an increasingly important part in China's nationwide opening drive.

On the other hand, the southeastern region abounds with natural resources and marine resources. The region is an ideal place for growing tropical crops. Moreover, the region boasts a total of 125 large and small harbors and can build six deep-water ports with dead weight tonnages ranging from 50,000 to 100,000.

Reserves of non-metallic ores such as casting sand, precious stones, cement standard sand, granite and building stone materials, kaolin, and pyrophyllite are big.

The southern region has bright prospects for developing its rich tourism resources. Gulang Island off Xiamen city, the Islamic cultural relics in Quanzhou, Mazu Temple on Meizhou Island and Gushan Mountain in Fuzhou city are enjoying high reputation at home and abroad.

As a matter of fact, the greatest advantage of the region lies in its advantage in enjoying preferential state policies, said the officials. The region is one of the earliest areas approved by the state with special policies and flexible measures for piloting the country's comprehensive economic reform.

The region now has become an open area of different levels, boasting the Xiamen Special Economic Zone, Fuzhou and Rongqiao Economic and Technological Development Zones, four investment zones for Taiwan investors in Mawei, Haicang, Xinglin and Jimci, the State Tourism and Holiday Zone on Meizhou Island and a large number of open counties and cities.

Local officials said the construction in the past decade has helped build initially new socialist market economy system and economic operation mechanisms in the region, which enable the region to join the international market track easily.

By bringing the advantages into full play over the past 14 years, the southeastern region, with its area accounting for only one third of Fujian Province's total, has been experiencing rapid economic development and now makes up two thirds of the province's totals as far as its major economic indexes are concerned. For instance, the

gross domestic product of the region makes up 64.5 of the province's total while the output value of exports of the region accounts for 88 percent of the province's total.

Local officials wish that the accelerated development and opening of the province's southeastern region can create new opportunities for the economic development of the whole province and offer wider cooperation fields for overseas investors.

The central government has also decided that like Shanghai, Guangdong, and regions around the Bohai Gulf, the southeastern region will be given priority in development in the 1990s. The country hopes the development of the four regions can lead China's domestic economy into the international market.

Though the catching-up work is surely not an easy job, as in last year, the per capita gross domestic product of the region was about 1,900 yuan (more than 300 U.S. dollars), local officials said they were confident of realizing the new target after painstaking efforts in about three decades.

At present, various kinds of construction have been carried out heatedly in the southeastern area, the officials added.

Jiangsu Governor Addresses Forum on 14th Congress

OW2711023992 Nanjing XINHUA RIBAO in Chinese
13 Nov 92 p 1

[Article by reporter Yi Wen [6654 2429]: "Shen Daren Holds Forum in Changzhou To Study and Implement the 14th CPC Congress' Political Report, Exchange Ideas, Analyze the Situation, and Discuss Next Years' Work Plan"]

[Text] Shen Daren, secretary of the Jiangsu provincial party committee, invited party committee secretaries from a number of cities and counties to a forum in Changzhou on 10-12 November to study and implement the 14th CPC Congress guidelines. Comrades taking part in the forum freely expressed their views. They reported the progress made in disseminating and studying the congress guidelines; exchanged their experience in conducting this year's work; and analyzed the current situation and discussed the guiding ideology and preliminary ideas concerning next year's work.

Comrade Shen Daren spoke at the end of the forum. He said: All localities have worked very hard and have paid close attention to relaying and studying the congress guidelines; they have done a good job in organizing the study. They have promptly relayed the congress guidelines to grass-roots units and have taken care to guide the cadres and masses to deepen their understanding of the congress guidelines with reference to local realities. The large amount of investigation and research conducted in the course of studying and implementing the congress guidelines has enabled them to initially clarify the

guiding ideology and acquire preliminary ideas concerning next year's work. Through transiting and studying the congress guidelines, they have vigorously pushed forward work on all fronts. On the whole, the current situation on the province's political, economic, and other fronts is very good. In addition, localities have also analyzed in a timely fashion problems which have appeared in current economic work, and they have studied measures to deal with the problems and have provided correct guidance for their solutions.

Shen Daren said the provincial party committee will immediately hold an enlarged plenary session to study and make arrangements for the current and next year's work. He asked all localities to seriously arrange for the successful completion of the task for the immediate future. First, all localities should further deepen in a more down-to-earth manner the study and implementation of the congress guidelines. The focus should be placed on the study by leading cadres, especially key leading cadres at and above the county level. While studying the documents from beginning to end, they must grasp the key points. They should deepen the study to acquire profound understanding, higher awareness, unified thinking, and practical results by focusing especially on the theory of building socialism with Chinese characteristics and on the goal of establishing a socialist market economic system. Second, all localities must implement the congress guidelines in light of local conditions. Based on past surveys and research, they need to seize certain key issues for further investigation and analysis to ensure that the guiding ideology for next year's work is clearer, ideas are more suitable to local realities, and specific measures are more feasible. They need to truly proceed from local realities and must work creatively to implement the congress guidelines. Third, they must make proper arrangements for the current work, accomplish this year's work in all fields, and make proper preparations for next year's work. In agriculture, while making efforts to carry out autumn farming from start to finish, they should not delay in doing a good job of field management and should organize forces this winter and next spring for farmland water conservancy projects. We must do a better job in year-end income distribution in rural areas and ensure the peasants's income will increase along with the increase in production. In industry, we must adequately prepare for next year's production while working on current production and marketing. Moreover, all localities must work hard on market supply, social order, and the next elections. Leading cadres at different levels need to concentrate more on their current work to ensure its success.

Responsible comrades from 12 city and county party committees and from relevant governments of the provincial party committee and governments attended the forum.

Shanghai Cargo Handling To Reach 160 Million Tons

OW2611090592 Beijing XINHUA in English 0831
GMT 26 Nov 92

[Text] Shanghai, November 26 (XINHUA)—The Shanghai Harbor, the largest in China, has so far handled more than 145 million tons of cargo, and thus fulfilled this year's production quota 37 days ahead of schedule.

Throughout this year the Shanghai Harbor Bureau has speeded up the transformation of its management mechanism, and readjusted the specialized production structure.

As a result, the harbor has met this year's production target two months ahead of time for handling international containers and imported grain. The volume of imported steel handled by the harbor was double that of last year.

Moreover, the Shanghai Harbor has played up the advantage of high efficiency, and expanded its freight yards to streamline coal transportation from north to south China.

The volume of goods handled this year by Shanghai Harbor is estimated to reach 160 million tons.

Shanghai Zone Electric Power Consumption Freed

OW2511222792 Beijing XINHUA in English 1459
GMT 25 Nov 92

[Text] Shanghai, November 25 (XINHUA)—The Ministry of Energy Resources recently decided to set the new Pudong economic development zone in Shanghai as an experimental zone in China's electrical power construction.

An official of the Chinese Government said here today that a new mechanism of electricity management will be introduced to the the new Pudong zone so as to follow the principle of socialist market economy.

Shi Dazhen, vice minister of the Ministry of Energy, said that there will be no electricity suspension and no electricity limits in the zone.

He said that his ministry will take new measures in the experiment.

The new Pudong area will reform electricity prices and it will not adopt the unified price of electricity. There will be a new electricity price formula for the zone which refers to the electrical management law in Hong Kong.

The zone is encouraged to absorb foreign funds to develop electricity production, and a shareholding system should be introduced into electricity generating enterprises.

The starting point for the electricity production will be high and the equipment to generate electricity advanced.

The welfare service and salaries of the electric workers in the new Pudong zone will also be higher than those in other areas in Shanghai.

At present, construction of the Waigaoqiao Power Plant, the largest project in the new Pudong zone with investment of 2.8 billion yuan, has started.

The total generating capacity of the plant will be 3.6 million kilowatts.

Central-South Region

Guangdong's Prices Grow Steadily in 1992

HK2711010792 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1040 GMT 12 Nov 92

[By Zhao Wen (6392 2429)]

[Text] Guangzhou, 12 Nov (ZHONGGUO TONGXUN SHE)—Since the beginning of this year, prices in Guangdong have risen markedly as a whole as compared with the same period last year, but the growth rate was relatively stable and the purchasing power remained strong.

A survey conducted by a provincial department concerned shows: Guangdong's general level of retail prices for the first three quarters this year rose 5.2 percent over the same period last year; the same level for urban areas increased 7.6 percent, for rural areas 2.7 percent. The price index for residents in urban areas rose by 8.3 percent, of which the service index rose 12.8 percent. It is estimated that the 1992 general level of retail prices will increase 6 percent over last year and that the price index for residents in urban areas will rise 8.5 percent.

The survey reveals that prices in Guangdong possess the following characteristics.

1. The price of farm produce rose by a bigger margin. In the first three quarters, the price of food rose 7.9 percent on average while the price for nonstaple food increased 8.6 percent on average, of which the price of pork rose 12.3 percent.

2. The price of manufactured consumer goods rose a little. In the first three quarters, the price of clothing rose 2.4 percent on average; the price of goods for everyday consumption rose 1.4 percent; the price of medicines rose 6.7 percent, of which the price of traditional Chinese medicines rose 17.5 percent on average; and the price of building materials and decoration materials rose 8.7 and 7.4 percent respectively.

3. The price of the means of agricultural production dropped a little. In the first three quarters of this year, the price of the means of agricultural production dropped by 2 percent; the price of chemical fertilizers dropped 2.7 percent; and the price of agricultural chemicals dropped 8.2 percent.

4. The price of services rose markedly. In the first three quarters of this year, the price index of service costs

increased 10 percent, of which house rents rose 7.3 percent; charges for water and electricity rose 4.4 percent; transportation expenses rose 12.9 percent; the expense for medical security rose 4.7 percent; the expense for recreational and cultural pursuits rose 20.6 percent; students' miscellaneous expenses and charges for child care rose 12.4 percent; and other service charges rose 11.6 percent on average.

The survey also indicates that although many enterprises have raised funds in the market, many people have invested in stocks, and some urban residents have bought houses since the beginning of this year, the total retail prices of commodities in society still grew at a rate of 20 percent and the people's purchasing power remained strong.

Guangdong Commerce Department Becomes Corporation

OW2611051392 Beijing XINHUA in English 0402
GMT 26 Nov 92

[Text] Guangzhou, November 26 (XINHUA)—The Commercial Department of Guangdong Province has been transformed into an independent economic entity—the Guangdong Commercial Enterprises Corporation (Group).

The administration of the department has been transferred to the provincial treasury.

The corporation has fixed assets of 1.02 billion yuan and the right to handle import, export and real estate.

Guangxi Foreign-Funded Enterprises See Gains

HK2511120092 Hong Kong ZHONGGUO TONGXUN
SHE in English 0815 GMT 25 Nov 92

[Text] Nanning, November 25 (CNS)—The Guangxi Zhuang Autonomous Region newly endorsed 606 foreign-funded items in the first nine months of this year worth a total contracted value of US \$976 million, US \$536 million of which was foreign capital. All these figures represent a more than eightfold gain over the same period last year.

Foreign investment in Guangxi shows several new features including noticeably a rapid rise with 733 three type foreign-funded enterprises newly endorsed in the first nine months of this year, a gain greater than the total of 552 registered in past ten years or more. The investment scale is tending to grow with 40 foreign-invested items, each worth over U.S.\$5 million, were undertaken by overseas consortia in the first nine months of the year compared with a mere five in the same period last year. Foreign investment in infrastructural facilities has risen in number, a trend seen as desirable.

Hainan Development Zone Uses Japanese Investment

OW2611223292 Beijing XINHUA in English 1508
GMT 26 Nov 92

[Text] Haikou, November 26 (XINHUA)—Southern China's Hainan Province is to build another new economic development zone with Japanese investment.

Officials from the provincial government said that the Madao economic development zone, about 30 kilometers northwest of Haikou city, capital of the island province, will develop tourism and pollution-free industries such as processing and the service trade within the zone.

Composed of a land reclamation and a small island, the development zone will have function quarters for tourism and holiday resorts, export processing and investment and business and exhibitions. Investment is expected to total about 2 billion yuan within three years.

The Hainan government says that a Japanese supporter of the development zone is inviting other companies in Japan to participate in the project.

Henan Increases Pace of Opening Up To Outside

OW2611034292 Beijing XINHUA in English 0128
GMT 26 Nov 92

[Text] Zhengzhou, November 26 (XINHUA)—Zhoukou Prefecture, an inland traditional grain production area in eastern Henan Province, central China, has made big strides in opening to the outside world this year.

Since September this year, one foreign funded enterprise was registered in the prefecture every three days on the average.

At a recent press conference to announce projects seeking for investment held in Shenzhen, the prefecture signed with overseas businessmen 82 agreements, contracts and letters of intent, involving a contracted foreign investment of over 1.7 billion U.S. dollars.

As a major grain production base in Henan Province, one of the largest grain producers in the country, the prefecture is mainly engaged in the production of grain, cotton, oil, and tobacco; its output of wheat and cotton rank the first in Henan Province. Moreover, Zhoukou Prefecture is also rich in animal husbandry industry resources, forestry and fruit trees.

Like other places in China, Zhoukou also extended great effort in improving its investment environment in recent years.

With improved communications and telecommunications facilities, and rapid development of power industry as well as construction of hotels, Zhoukou Prefecture has set up economic and technical cooperative relations with more than 40 countries and regions worldwide.

Southwest Region

Sichuan's Chongqing Increases Market Development

OW2611055892 Beijing XINHUA in English 0459
GMT 26 Nov 92

[Text] Chongqing, November 26 (XINHUA)—Chongqing, in southwest China's Sichuan Province, plans to invest 5.2 billion yuan to build 118 large and medium-sized markets and supporting facilities in the Eighth Five-Year Plan period (1991-1995).

These markets will handle means of production, means of livelihood, finance and real estate.

A city government official said that by that time, Chongqing will be built into the purchasing center of means of production and livelihood, as well as the center of finance, commodity circulation and information in southwest China.

He said that the Chongqing city government has paid great attention to the construction of large and medium-sized markets in the past two years.

The business volume of the Chongqing steel products market, one of the first seven official steel products markets in the country, reached 40,000 tons in 1987, rising to 400,000 tons this year and covering one third of the demand for steel products in the city.

The establishment of over 30 large- and medium-sized markets for clothes, vehicles, finance and articles of daily use has made Chongqing a major distribution center in southwest China and revitalized the economic development of the city.

North Region

Beijing Opens Wider to Outside World

OW2611102492 Beijing XINHUA in English 0909
GMT 26 Nov 92

[Text] Beijing, November 26 (XINHUA)—Beijing city has made great achievements in introducing foreign investment and running more overseas ventures since early this year.

In the first 10 months, the city has granted permission for the establishment of 1,563 foreign-funded ventures, exceeding the total for the past 13 years. Some 19 of the newly established joint ventures involve more than 10 million U.S.dollars of investment each. The contracted value of foreign investment in the period came to over 900 million yuan, 4.2 times the figure for the same period of last year.

The city has also begun to introduce overseas investment for the renovation of the Wangfujing commercial area and old city areas. The number of development zones,

science and technology parks and industrial zones in the city has come to 24 so far, with a planned development area of 270 sq [square] km.

During the same period the total output value, sales value, export value and profits of the operational joint ventures in the city have increased by 30 percent to 50 percent over the same period of last year.

The municipal government has offered independent management rights for international trading to an additional 32 large and medium-sized industrial enterprises and groups.

By November 10 Beijing's export volume had reached 1.26 billion yuan-worth, 11.6 percent more than that of the same period of last year and 50 days ahead of this year's schedule.

With the building of large-sized ethylene projects, sewage treatment plants, subway construction, gas pipelines and some other projects, Beijing has introduced more than 2,00 items of advanced technology and key equipment from more than a dozen countries.

In the first 10 months Beijing established 29 overseas ventures, a record. In addition, it contracted for more foreign engineering and labor service projects, with a contracted value of 230 million U.S. dollars.

Inner Mongolia Set To Change Government Functions

HK2611133492 Beijing RENMIN RIBAO in Chinese
12 Nov 92 p 2

[By Zhong Shimu (6988 1395 4188): "Inner Mongolia Quickens Change of Government Functions, Gears Enterprises to the Market"]

[Text] To thoroughly subject enterprises to market forces and to enable them to become corporate bodies responsible for their profits and losses and for their own decisions, the Inner Mongolia Autonomous Regional CPC Committee organized a special group comprising 75 cadres from the five sets of regional leading bodies and 105 cadres from various leagues (mengs) and cities across the region to promote implementation of the enterprise law and relevant regulations. The group, headed by Bai Enpei, deputy secretary of the regional party committee, conducted a regionwide examination of matters related to implementation of the enterprise law and related regulations from mid-July to mid-September.

Among 214 enterprises subjected to examination, 27.3 percent basically enjoyed full autonomy; 70.8 percent partial autonomy; and 1.9 percent no autonomy. The findings indicate: A new enterprise operational mechanism is being set up and government departments across the region are carrying out institutional reforms. Ulanqab Meng was carrying out coordinated reforms from top to bottom characterized by "small offices, more

entities, and large-scale service." By late July, administrative offices across the Meng had established 680 economic entities and had laid off 28,000 cadres.

The examination reveals that it is difficult for many enterprises to enjoy the right to manage their own affairs. The reasons are, for example: The enterprise's right to set up internal offices is still being interfered in and the enterprise cannot fully exercise its powers to appoint and dismiss cadres. On matters related to employment, while the enterprise must employ workers who work hard, it dare not fire those it cannot afford to offend and those recruited through personal relationships. Where the distribution system is concerned, the total amount of wages received by workers of the enterprises which link work done to efficiency is fixed; the threshold for the bonus tax and regulatory tax on income is low; the tax rate is high; and some competent authorities interfere with the enterprise power to dispose of after-tax surplus money. Again, the enterprises have to go through too rigid and difficult procedures to apply for autonomy over foreign trade and have to break through many barriers and overcome great difficulties before it is granted power to make its own investment decisions. In view of this situation, the group argued that to enliven large and medium enterprises, the most important thing to do is to delegate powers as stipulated. All departments must follow the "regulations" and act according to requirements of the market economy. They should review existing regulations. While amending and scrapping outdated regulations, they should formulate specific regulations concerning decentralization of powers in their own departments, help enterprises to implement relevant policies, and redefine functions of various government departments according to their responsibilities for "drawing up plans, coordinating efforts of various sectors, exercising supervision, and providing services." Regarding enterprises, the group considered it necessary to improve the quality of the work force, especially the quality of leading bodies; to elect a suitable legal person; to apply "a particular policy to a particular enterprise" in accordance with the general principle of separating taxes from profits and ensuring the value of fixed assets will not change and in light of different conditions of enterprises; to tackle with "three unauthorized practices" according to law; and especially to improve the society's ability to serve the elderly and those people waiting for jobs.

Tianjin Secretary at Industrial Products Show

SK2611054392 Tianjin People's Radio in Mandarin
2300 GMT 26 Nov 92

[Text] In the early morning of 25 November, Tan Shaowen, secretary of the Tianjin municipal party committee, went to Tianjin Industrial Exhibition Hall to look around, in detail, the new and best-quality industrial products made in 1992.

He stressed that to suit the socialist market economy's development, we should change our ideas, strengthen

leadership, aim at the international advanced levels, speed up the development and production of new products, enhance enterprises' competitiveness, and greatly change, as soon as possible, the appearance of the industrial production front.

Municipal leaders Wang Xudong, Li Jianguo, and Lu Xuezheng also visited the exhibition. The exhibition opened on 18 November. Various business talks were vividly held. As of 24 November, the transaction volume reached 174.895 million yuan. Of this, the transaction volume of exported goods reached 51.92 million yuan and nearly 8 million yuan worth of foreign exchange were created. Main exported goods are vehicles, color television sets, sanitary enamelwares, cement, washing power, leather clothes, and cotton clothing.

Many Chinese and foreign businessmen were attracted by the exhibition. Businessmen from more than 10 countries and regions, including Britain, France, the United States, Canada, Japan, and Italy, took a great interest in the municipality's machinery, electronics, bicycle, paint, dyestuff, furniture, printing ink, and textile products.

Municipal leader Tan Shaowen fully affirmed the rich contents and high quality of the exhibition.

He said: Over the past years, the municipal industrial fronts have done a lot of work to develop new products. Particularly, the new high-tech products with high added value jointly developed by various trades and various departments have demonstrated the overall improvement of Tianjin's industry.

Tan Shaowen said: To suit the socialist market economy's development, enterprises should aim at the markets at home and abroad, ceaselessly readjust product mix, and strive to develop new readily marketable products. In the course of developing new products, we should pay high attention to scientific and technological progress and adopt positive measures to turn newly developed products into commodities and to send them to markets. Thus, we should vigorously attend to the production and marketing of new products.

Comrade Tan Shaowen also urged that all relevant departments should provide policies and funds to support the manufacturing and production of new products.

Northeast Region

Heilongjiang Commentator on Township Enterprises

SK2611005292 Harbin HEILONGJIANG RIBAO in Chinese 17 Nov 92 p 1

[Commentator's article: "Strategic Focus of Heilongjiang's Endeavor To Raise the Economy to a New Level"]

[Text] Township enterprises, called "China's secret weapon for developing the economy" by foreign scholars, represent a new growing point of the economy, which has tremendous potential and vitality. As has been proven in the practice of Heilongjiang's economic development, township enterprises constitute a most vigorous part with the fastest growth rate and greatest prospects among the several parts that form our economy. During the Seventh Five-Year Plan period, the province's total product of society grew 7.5 percent and its GNP grew 5.8 percent every year, but its township enterprises grew 26.6 percent. If we attain the target to double the current output value of township enterprises by the end of 1995, Heilongjiang's GNP will register an annual net increase of 21 billion yuan, and its annual GNP increase rate will be 4 percent higher. When the effect of investment and consumption demand resulting from the development of township enterprises is calculated, the growth will be greater than the four percentage points.

A reasonable and optimal structure is the prerequisite for economic development and good efficiency. Heilongjiang should restructure its economy if it is to eliminate the "northeast China phenomenon," change the low-efficiency and low-rate operation, and achieve high efficiency and high development rate.

Judging from Heilongjiang's current economic structure, either the structure of ownership or the structure of industry, township enterprises always remain a weak link. Statistics showed that 72 percent of the net increase in China's industrial output value came from township enterprises last year. In other words, 10 percent of China's 14 percent industrial increase was achieved by township enterprises. The growth rate of Heilongjiang's state enterprises is basically the same as the national average, but its overall growth rate is lower than the national average. The problem lies in the 10 percentage points created by township enterprises. Therefore, to form a reasonable and optimal economic structure in our province, we should greatly develop township enterprises.

Heilongjiang's township enterprise development lags far behind that of coastal developed provinces. Based on their overall township enterprise development level, the state divided the country into the eastern developed area, central medium-developed area, and western underdeveloped area. Although our province is geographically located in eastern China, it has to locate in the "central area" due to its township enterprise development level. What merits our attention in particular is our low ranking, even in the 10 provinces and municipalities in the central area. If we do not change such a situation rapidly, we will encounter the danger of being elbowed out and entering the "western area." In view of this, we should place township enterprises in a more prominent position and regard their development as a strategic area in which a breakthrough should be achieved and a strategic focus of the endeavor to raise the economy to a new level.

Based on the state's general requirements on the township enterprise development of the central and western areas and Heilongjiang's actual conditions, the provincial party committee and government forwarded at the provincial township enterprise work conference three targets concerning Heilongjiang's leap-and-bound township enterprise development for various localities to discuss and study. After discussions and appraisals, most localities prefer the target of doubling the 1992 output value of township enterprises, increasing the industrial output value of towns and townships 1.2 times, and increasing the output value of township collective enterprises 1.4 times by 1995.

To attain the aforementioned development target is never an easy task, and we will encounter great difficulties. However, we should also note that we still have many favorable conditions. First, since early this year when Comrade Deng Xiaoping gave speeches during his south China tour, especially since the 14th CPC Congress, China's reform and opening up have entered a new stage, and the entire country is in a period of accelerated economic development. Heilongjiang's economic development trend is also very good. This provides a good environment for township enterprise development. Second, Heilongjiang's rural economy has become relatively stable thanks to several years of development. Grain output is stabilized at more than 20 billion kg, animal husbandry has witnessed great development, the peasants' economic situation has greatly improved, and the entire rural economy has entered a stage of commodity production from a self-sufficient or semiself-sufficient economy. This is very conducive to township enterprise development. Third, with many large and medium enterprises, colleges and universities, and large scientific research institutes, Heilongjiang has a substantial scientific and technological force, and its state large and medium enterprises have constituted a fairly complete system and a fairly complete industrial framework. Many township enterprises can rely on them to develop. Fourth, Heilongjiang faces a favorable opportunity to open wider to the outside world quickly, and township enterprises may enter the world market with big strides.

People throughout the province have reached a common understanding of the great significance in township enterprise development. We should regard township enterprise development as the major way for peasants to achieve a fairly comfortable life, as a strategic focus of the development of the county economy and even the economy of the entire province, and as the main body of the rural economy. This is not only an important policy decision on developing the rural economy of the province but also an important measure to rejuvenate the economy of the entire province.

Heilongjiang Holds Forum on Organizational Reform

SK2511150892 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 20 Nov 92

[Text] The provincial forum on pilot reform of county-level organizations was held in Harbin on the morning of

20 November. The forum studied and discussed the provincial draft plan for reforming the county-level organizations.

The guiding ideologies for organizational reform as set forth at the forum are: According to the principle of separating government functions from enterprise management and the principle of simplifying administrative structure and improving work efficiency in a unified manner, we should change government functions, balance the relationship between different departments, streamline administration, improve work efficiency, take the path of small organizations and large-scale service, strengthen the leadership over agriculture and the rural work, strengthen the building of party organizations and rural grass-roots political power, strengthen and improve the agricultural socialized service system, and ensure a faster development in reform, open up, and urban and rural commodity economy.

Vice Governor Chen Yunlin attended the forum. He said: We should focus the county-level organizational reform in the next step on the rural areas. After reform, each of the economically well developed counties with more population should set up about 30 party and government organizations and have about 750 working personnel; each of the counties with fairly well-developed economies and more population and the counties of the second and third categories where the economy and population is concentrated should set up about 25 party and government organizations and have more than 500 working personnel; and the number of organizations and the size of staff in the poverty-stricken counties should comparatively be less than the above counties.

Chen Yunlin said: We should attend to the development of town and township enterprises and tertiary industry to promote the overall development of the county-level economy and society. We should conduct the county-level organizational reform closely in line with this work priority. We should balance the relations between various fronts, rationally divide the responsibility and duty between the county party committees and the county governments, clearly define their leadership forms and management methods, and abolish overlapping organizations. The government departments with similar professional work should be amalgamated and clearly make division of work. Some institutions should also be amalgamated into fairly concentrated service centers and make their service and management promote each other.

Suifenhe city, Shuangcheng city, and Hulan County exchanged their experiences in organizational reform at the forum.

Heilongjiang Holds Financial Work Conference

SK2511214892 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 21 Nov 92

[Text] The provincial government urged the departments at various levels to immediately go into action and

to work hard for 40 days to ensure the fulfillment of the 1992 annual budgetary tasks. At the provincial emergency telephone conference on the financial work that was held 21 November, Vice Governor Chen Yunlin reported to the departments at various levels the provincial budget implementation situation in the first 10 months of this year and the major financial problems and analyzed the current grim situation.

Chen Yunlin said: If the province does not adopt rigid financial collection measures, it will be possible to have shortage in revenues. To ensure the fulfillment of the budgetary revenues, the governments and all fronts should adopt effective measures to ensure a balance between revenues and expenditures. We should realistically strengthen the leadership over the financial work and attend to the implementation of the project for striking a balance between revenues and expenditures. All departments should regard the fulfillment of the plans for handing over revenues to financial departments, the targets for controlling deficits, and the tasks for balancing revenues and expenditures as a great matter; firmly grasp it; and concentrate energy on ensuring the balance. The provincial government should regard the fulfillment of the task for balancing revenues and expenditures as a key content of assessing the political achievements. Here, we should restate again that this year, we should continue to unswervingly implement the policy of encouraging the balance between revenues and expenditures but not encouraging new deficits. We should realistically attend to the work of turning deficits into profits and ceaselessly increase economic results. All localities should assign targets of reducing deficits to the grass roots and assign responsibility for specific personnel. The governments at various levels and the departments in charge of enterprise work should regard the fulfillment of the tasks for turning deficits into profits as an important basis for assessing and employing cadres, carry out the method of [words indistinct] among the enterprises with outstanding achievements in turning deficits into profits, and resolutely force the enterprises that are hopeless to change their deficits situation to close down, suspend operation, merge with other enterprises, shift their lines of production, or auction off. We should realistically strengthen tax revenues and management and concentrate energy on collecting revenues. From now to the end of the year, the governments at various levels should firmly attend to the clear-up of defaults and adopt administrative, economic, and legal means to reduce the tax default to the minimum. Financial, tax revenues, banking, and grain departments should work in cooperation with one another and ensure to timely hand over agricultural taxes, tobacco taxes, and various taxes to the financial departments. We should concentrate energy and time to clear up and examine the taxes that it is difficult to collect and the taxes whose payments are scattered and ensure to collect all the taxes that should be collected. We should realistically strengthen the management of budget; strictly control expenditures; realistically make

tax, financial, and pricing inspections; and strictly enforce financial and economic discipline.

Chen Yunlin pointed out: Fulfilling the 1992 revenue and expenditure tasks and balancing the revenues and the expenditures is of extremely important political and economic significance to deeply implementing the 14th CPC Congress guidelines, to promoting the development of the socialist market economy, and to elevating the province's economy to a new high again.

Heilongjiang, Russia Develop Petrochemical Field

SK2611054192 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 25 Nov 92

[Summary] The provincial petrochemical industrial department has made preliminary achievements in developing economic and technological cooperation with the Russian Federation. Since its establishment in 1991, (Huaxing) Company, directly under the provincial petrochemical industrial department, has established business contacts with more than 50 enterprises in the Russian Federation and signed more than 70 contracts involving over 50 million yuan with them. The Mudanjiang petrochemical industrial group company sales agency signed a contract involving 2 million yuan with a large ferroalloy integrated enterprise of the Russian Federation. According to the contract, the sales agency will offer 1,000 tons of calcium carbide to the Russian side.

The provincial petrochemical industrial department also fully uses its advantages to positively conduct technological cooperation and to run joint ventures with the Russian Federation. (Xingyuan) Company was built with the investment cooperatively provided by (Hualin) Rubber Plant and a company of Vladivostok. (Hualin) rubber plant also ran a timber processing plant and a tire retreading plant on the outskirts of Vladivostok. Harbin Rubber Plant and an enterprise of the Russian Federation signed a contract of intention on cooperatively building a sports shoe making enterprise in the Russian Federation.

Jilin Governor Views Economic Development

SK2511143492 Changchun JILIN RIBAO in Chinese 2
Nov 92 p 1

[By reporter Yin Hua (1438 5478): "Implement the 14th CPC National Congress Guidelines and Summarize the Work of Pushing the Provincial Economy Onto a New Stage"]

[Text] On 30 September, the provincial government held the fifth plenary session to implement the 14th CPC National Congress guidelines and to further promote the work of pushing the provincial economy onto a new stage. On the basis of conscientiously summarizing the preceding period's situation in pushing the economy onto a new stage and making a realistic analysis of the current economic operational situation, the session

made arrangements for the work in the last two months of this year, and set forth the overall idea for the work of the next year.

Vice Governor Wu Yixia presided over the session. Governor Gao Yan gave a report entitled "Conscientiously Implement the 14th CPC National Congress Guidelines and Make the Province's Economy Embark on a New Stage In an Even Faster and Better Manner." Vice Governor Liu Xilin set specific demands on the work of halting deficits. The session also listened to the provincial statistical bureau's report on how the targets of pushing the economy onto a new stage were fulfilled by various localities and departments from January to September.

In his speech, Governor Gao Yan first summarized the preceding period's situation in pushing the provincial economy onto a new stage. He said: The goal of pushing the economy onto a new stage has mobilized the initiative of the masses and all fields, and the work in all aspects has changed greatly. Since the convocation of the provincial party committee work conference and the provincial radio and television mobilization rally, all localities and departments have taken positive action and have defined targets, assigned tasks, and worked hard with one heart and one mind by closely focusing on the demand of pushing the provincial economy onto a new stage. Now, both the countryside and the cities, all professions and trades, and all units are racing against time and vie with one another in pushing the economy onto a new stage, thus giving rise to an upsurge of accelerating economic construction. Major indicators are as follows: First, the goal of pushing the economy onto a new stage has become a conscious action of cadres and the masses and become a strong motivation. Second, on the basis of tapping existing potentials, cadres and the masses have concentrated efforts on grasping the new economic increase point. Third, in line with the demand of developing the socialist market economy, cadres and the masses have refused to wait and depend on the state and engaged in practice boldly. Fourth, a good environment has been created, thus providing condition for pushing the economy onto a new stage.

Industrial production has tended to increase at a relatively rapid pace, and economic efficiency has improved somewhat. From January to September, industrial enterprises throughout the province registered a 12.2-percent increase in the total output value and a 13.8-percent increase in the sales value over the same period last year. The industrial enterprises at or above the township level which exercise independent accounting registered a 27.4-percent increase in profits and taxes. The industrial enterprises covered by the local budget registered a 10.7-percent increase in net profits after offsetting deficits with profits, and began realizing increase in profits for the first time since August.

Agricultural structure has been readjusted, and the rural economy continued to develop in an all-round way. Despite bad weather, the province has still reaped a

relatively good harvest in grain crops, and township enterprises have witnessed a good trend of rapid growth rate, better efficiency, and strong reserve strength. From January to September, industrial enterprises at township and village levels registered a 26.7-percent increase in total output value, a 28.4-percent increase in sales value, and a 25.3-percent increase in profits.

Construction of key projects and the pace of technological transformation have been accelerated, and the momentum for economic development has been enhanced. In the first nine months of this year, the state-owned units investment made in capital construction, reequipment, and transformation projects increased 39.1 percent over the same period last year, and the investment consumed in reequipment and transformation projects increased 42.7 percent.

Gratifying results have been achieved in combining science and technology with the economy. The activity of exchanging scientific and technological achievements between scientific research institutes and production enterprises has witnessed good results. Of the 350 large- and medium-sized enterprises in the province, 211 have already established plant-run scientific research organs. Technology market has developed very quickly, thus promoting the process of turning technological achievements into commodities.

Domestic and foreign trade have been brisk, and urban and rural markets have been flourishing. From January to September, the province's total volume of retail sales of commodities increased 15.3 percent, and the prices of the commodities closely related to the masses' livelihood have been kept stable. Foreign trade continued to develop. From January to September, the export volume of foreign trade went up 28 percent over the same period last year.

Financial revenues have increased, and the banking situation has been stable. From January to September, the provincial financial revenues increased 10.8 percent; and financial revenues, industrial production, and market sales have basically increased at the same pace. The increased volume of bank savings deposits was larger than that of bank loans.

Gao Yan pointed out: The above situation shows that the province's economic situation is good, the relatively rapid increase in the economy is within the acceptable normal scale, the economic operational state is normal, economic development is sound, and the economic trend is fair. The conspicuous problems in the current economic development are: economic efficiency is low; industrial production has not yet changed the situation of high input, low output, and poor efficiency; the structure remains unreasonable; and the major factors hampering the economy's development such as funds, transportation, and energy resources, have not yet been relieved. These problems should be conscientiously solved with effective measures.

As for the current work, Gao Yan pointed out that we should make arrangements for the work at present and for the foreseeable future in line with the 14th CPC National Congress guidelines with a view to making an even greater step in reform, opening up, and economic construction.

First, we should successfully study and comprehend the congress guidelines. We should deepen our understanding of the theory of building socialism with Chinese characteristics, and make the theory run through the whole process of reform, opening up, and economic construction. We should fully understand that the goal of the economic structural reform is to establish the socialist market economic structure and positively create conditions to promote the sound transition of system. We should make great efforts to fulfill the 10 major tasks for the nineties set forth by the 14th CPC National Congress. We should speed up the pace of economic development and strive to realize a relatively high increase rate under the prerequisite of stressing on efficiency.

Second, we should go all out to achieve success in the work in the next two months. Now, only two months remain to this year. To fulfill this year's tasks, the time is tight and tasks are arduous. All localities and all departments must concentrate energies on grasping the work in the next two months and work hard for 60 days to fulfill all of this year's tasks. We should pay attention to changing the enterprises' operational mechanisms and to implementing the State Council regulations on changing the operational mechanism of enterprises to make enterprises change their operational mechanism and make the governments change their functions. We should pay attention to the current production and strive to enliven the circulation of goods. We should actually attend to the work of procuring grain and strive to raise funds from various fields. On the basis of successfully organizing the current industrial production, we should give prominence to grasping sales, enlivening the use of funds, and improving efficiency. We should greatly broaden market, expand sales to all sides, vigorously organize financial revenues, and further enliven the monetary situation. We should continue to grasp typical cases to promote the work, actually attend to building spiritual civilization, and strive to firmly grasp both economic and ideological work simultaneously.

Governor Gao Yan set forth the idea for next year's work. He pointed out: Next year, the overall idea for the provincial economic work is to truly attend to the work in a down-to-earth manner to make the economy leap on a new stage, with the congress guidelines as the guidance, with the establishment of the socialist market economy as the goal, with the "one readjustment and three improvements" as the center, and with the "three emancipations and two changes" and the subsidiary reform as the focus.

First, we should accelerate reform, gradually establish the socialist market economic structure, establish a

modern enterprise system suitable for the demand of the development of the market economy, cultivate the cereal crops market, change government functions, and establish the overall direct regulation and control system. Second, we should achieve success in the "one readjustment and three improvements." By the one readjustment, we mean readjusting structure to promote coordinated development of the economy. By the three improvements, we mean improving quality, efficiency, and the expertise of the staff and workers. Third, we should achieve success in the "three emancipations and two changes" as well as subsidiary reforms. By the "three emancipations," we mean emancipating the mind, opening up to the outside world, and decontrolling prices. By the "two changes," we mean changing the enterprises' operational mechanisms and changing government functions. At the same time, we should carry out reform in a series of subsidiary fields. Fourth, we should profoundly study and solve the factors which hamper economic development, strive to solve the problems with regard to the shortages of funds, the overly heavy burden left over to enterprises, the tension on communications and transportation, and the shortages of energy resources in order to help realize the benign cycle of the economy. Fifth, we should do a solid and active job. Gao Yan stressed: The implementation of the congress guidelines demands us to do a solid job, to refrain from paying lip service, and to define goals and duties. Only by doing a solid and active job can we successfully implement the congress guidelines and give guarantee for the work of pushing the economy onto a new stage.

At the session, Vice Governor Liu Xilin emphatically talked about his opinions on the work of halting deficits and increasing profits. After reporting on the province's situation in halting deficits and increasing profits at the

preceding stage, he pointed out: All localities and departments should resolutely control their annual deficits within their respective planned scale by giving consideration to the overall situation. First, we should firmly grasp the work of halting deficits by meeting difficulties head-on. Second, we should rapidly change deficits to profits. By taking advantage of the opportunity of implementing the regulations on changing the operational mechanism of enterprises, we should rapidly change the operational mechanism of enterprises, change government functions, and enable enterprises to assume sole responsibility for their own profits or losses under the condition of making their own management decisions. Third, we should do a solid job in halting deficits and increasing profits, with emphasis on solving major contradictions and paying attention to weak links. Fourth, we should combine the work of halting deficits with the work of developing market economy, changing functions, changing mechanism, readjusting structure, opening up to the outside world, and carrying out technological transformation. Fifth, we should put the work under strict control. The work of halting deficits is a tough battle, and thus we should attend to the work in a real and tough manner. We should strengthen supervision and examination, give strict assessment, and combine awards with punishment until results are achieved.

Attending the session were Vice Governor Zhang Yueqi, provincial government Secretary General Sang Fengwen, and provincial government members. Attending the session upon invitation were responsible comrades of the provincial party committee; the provincial people's congress standing committee, the provincial committee of the Chinese People's Political Consultative Conference, the provincial trade union council, the provincial Communist Youth League committee, the provincial women's federation, and other pertinent departments.

Cross-Strait Ties Body Demands Return of Vessel

HK2611125692 Beijing ZHONGGUO XINWEN SHE
in Chinese 0755 GMT 26 Nov 92

[Text] Beijing, 26 Nov (ZHONGGUO XINWEN SHE)—Reporters of this news agency have learned that the Association for Relations Across the Taiwan Straits [ARATS] wrote yesterday afternoon to the Straits Exchange Foundation of Taiwan requesting that the Taiwan authorities concerned return as soon as possible the vessel "Minningqi No. 3," together with the its crew members and the equipment on board, to Fujian. The "Minningqi No. 3" was detained and taken to Keelung Port by Taiwan police while carrying out an antismuggling operation.

The text of the letter follows: According to a letter from the Fujian Provincial Government Taiwan Affairs Office, the "Minningqi No. 3" from Ningde city, Fujian Province, was detained and taken to Keelung Port on 22 November by Taiwan police while carrying out antis-muggling duties.

We would like your foundation to relay to the Taiwan authorities concerned that in the spirit of two-shore cooperation in cracking down on smuggling, robbery, and crime in the waters of the Taiwan Strait, the said vessel, crew members, arms, equipment, and materials on board should be returned as soon as possible to the Fujian authorities concerned.

Indirect Remittances Across Strait 'Rising'

HK2711010992 Hong Kong ZHONGGUO TONGXUN SHE in English 1150 GMT 26 Nov 92

[Text] Hong Kong, Nov 26 (HKCNA)—Indirect remittances across the Taiwan Strait has been rising steadily since the beginning of the year and was put at over US\$190 million between August last year and September this year. With the end of the year approaching, it is expected that such cross-strait remittances will rise noticeably. Such remittances posted a sharp rise at the end of last year, with the sum remitted monthly rising by 30 percent over the normal level. Taking this into account, the accumulated amount of indirect remittances across the strait will exceed US\$260 million by the end of the year.

Money remitted through a formal channel to the Mainland was US\$100 million last year, according to statistics. Sources from the financial sector estimate that the gross sum reached was as much as US\$200 million to US\$300 million if other channels used were taken into account.

There has been a steady growth in cross-strait remittances since early this year, with over US\$10 million monthly on average being sent in the first four months of the year. The money remitted rose to an average of US\$20 million a month after last May. The accumulated number of indirect remittances from Taiwan to the Mainland numbered 103,943 between August last year and late September this year. The remittances were worth close to US\$200 million, US\$52.77 million of which was handled by post offices in Taiwan, while 73 percent of the money was remitted to the Mainland through banks.

Ministry Refuses To Comment on Mirage Deal*OW2611082092 Taipei CNA in English 0759 GMT 26 Nov 92*

[Text] Taipei, Nov. 26 (CNA)—The Defense Ministry would not comment on reports that France would start to deliver its Mirage 2000-5 fighter bombers to the Republic of China [ROC] from 1995, two years earlier than its delivery of the same type of plane to France Air Force. [sentence as received]

Press reports said that the ROC is the customer of Dassault Aviation since it began to develop the aircraft in 1986.

Taipei, U.S. To Sign Pact To Regulate Trade*OW2711081792 Taipei CNA in English 0739 GMT 27 Nov 92*

[Text] Taipei, Nov. 27 (CNA)—Economic Affairs Minister Hsiao Wan-chang said Thursday [26 November] that the Republic of China [ROC] and the United States will strike a trade and investment framework agreement during a forthcoming meeting in Taipei.

The pact will be a significant step in the strengthening of economic relations between the two countries, because, as Hsiao put it, the accord might "pave the way for the formation of the Sino-American Free Trade Area."

The agreement will be signed by the Coordination Council for North American Affairs and the American Institute in Taiwan, created in 1979 to represent the respective interests of Taipei and Washington in each other's territory in the absence of diplomatic ties.

It is hoped that trade disputes between the two countries, and particularly the trade imbalance, can be effectively solved through the accord, an economics official pointed out.

The agreement, he added, will also set into motion active steps to remove free trade barriers between the two economies.

Details of the pact will be discussed in the 16th joint conference of the ROC-USA Economic Council and the USA-ROC Economic Council slated to open here on Nov. 30.

US Trade Representative Carla Hills will participate in the four-day meeting. Her arrival will mark the highest ranking US official to visit Taiwan since Washington switched diplomatic recognition from Taipei to Peking.

Following the meeting Sino-American trade consultations will be held Dec. 4-9 in Taipei. Its agenda will focus on the ROC Copyright Law and its enforcement, examination of computer software for export, and retrospective patent rights for American medicines and agricultural chemicals.

The ROC chief negotiator will be Lin Yi-fu, deputy director general of the Board of Foreign Trade.

Official To Invite U.S. Investment in 10 Industries*OW2711104992 Taipei CNA in English 0809 GMT 27 Nov 92*

[Text] Taipei, Nov. 27 (CNA)—Vice Economics Minister Li Shu-jeou will call on more US businessmen to invest in the Republic of China [ROC]'s hi-tech industries when he visits the United States at the end of the month.

Li will leave on Nov. 30 to attend a seminar on technology in 2002 in Baltimore, Maryland.

He will also attend the activities in the US technology week.

Li will introduce to the US businessmen about the 10 newly developed industries in ROC's US\$300 billion six-year development plan, hoping that the presentations will induce them to invest here and help promote the exchanges of technology between the two countries.

The ten new industries are telecommunications, information, electronics, sophisticated instrument, aerospace, advanced material, specialized chemicals and pharmaceuticals, health and pollution control industries.

Delegation Leaves for APEC Meeting in U.S.*OW2611102192 Taipei CNA in English 0813 GMT 26 Nov 92*

[Text] Taipei, Nov. 26 (CNA)—The Republic of China [ROC]'s 10-man delegation will leave Friday for Washington to participate in the fifth Asia-Pacific Economic Cooperation (APEC) annual meeting of senior officials.

The meeting is scheduled to be held in Washington Dec. 2-4.

The ROC delegation will be led by Wu Tzu-tan, director of the Department of International Organizations of the Ministry of Foreign Affairs.

Before the annual meeting, the senior officials from member nations will first hold a "liberalized regional trade meeting" during which, topics like the General Agreement on Tariffs and Trade, regional economic integration, and liberalized regional trade will be discussed. The conclusion will then be sent to the formal meeting.

At the meeting of senior officials, participating delegates will focus discussions on the setting up of a permanent secretariat and on budget projections.

The senior officials will talk about the selection of a new secretary general and a deputy secretary general, and sign with Singapore an agreement concerning about treatment and privilege the national representatives will be

enjoying in the future. APEC had already decided to set up its permanent secretariat in Singapore.

During the meeting, they will also discuss the issues of fiscal 1993 budget, ten working panels, new membership and participation by non-official institutions.

Cross-Strait Officials Denied Visit to Mainland

OW2711105392 Taipei CNA in English 0806 GMT 27 Nov 92

[Text] Taipei, Nov. 27 (CNA)—Straits Exchange Foundation (SEF) officials have been refused to accompany relatives of nine Taiwanese victims killed in an air crash in Guilin on their visit to the Chinese Mainland.

SEF Deputy Secretary General Shih Chi-ping said SEF was informed by the Association for Relations Across the Taiwan Straits (ARATS), its counterpart in the mainland, about the decision.

Shih said he regretted the ARATS' decision, adding that SEF had originally planned to send two officials to the mainland out of humanitarian concern.

A group of 19 relatives of the victims, are flying to Guilin, Guangxi Province via Hong Kong Friday afternoon.

One of them, Ku Yueh-chio, said ARATS has been unsympathetic, adding that the purpose of the group is to identify the bodies and the victims' articles. They wish to have SEF officials accompany them on the visit, she said.

A China Southern Airlines' Boeing 737 crashed into a mountainous area near Guilin, a noted famous scenic city, Tuesday, killing all 133 passengers and eight crew members, including nine Taiwanese passengers.

Nation Remits \$200 Million to Mainland

OW2611101892 Taipei CNA in English 0758 GMT 26 Nov 92

[Text] Taiwan, Nov. 26 (CNA)—With the exchange of visits across the Taiwan Straits increasing, people in Taiwan remitted nearly US\$200 million to their relatives on the mainland in the 13 months ending in September this year.

According to statistics of the Transportation and Communications Ministry, 103,900 remittances with a total value of US\$195 million were made by people here for their relatives on the mainland in the period.

The ministry said that the figure did not include the sum funneled into the mainland through other channels, such as remittance from foreign countries or carried along by the mainland-going visitors from Taiwan.

Trade Surplus Down 22.1 Percent in 10-Month Period

OW2611102092 Taipei CNA in English 0752 GMT 26 Nov 92

[Text] Taipei, Nov. 26 (CNA)—The nation's foreign trade totaled [words indistinct] billion in the first ten months of the year, with a surplus of US\$8.38 billion, down 22.1 percent from last year, the Board of Foreign Trade (BOFT) reported Wednesday.

BOFT said that trade totaled US\$13.11 billion in October, up 8 percent from last year.

Exports in October amounted to US\$7.06 billion, up 6.3 percent from the same month of 1991; while imports reached US\$6.05 billion, up 10 percent.

Trade surplus in October reached US\$1.01 billion, down 11.4 percent from the previous year.

Trade in the first ten months amounted to US\$126.92 billion, up 10.2 percent from last year. Exports during the period totaled US\$67.65 billion, up 7.4 percent, while imports totaled US\$59.26 billion, up 13.5 percent.

Exports to the United States showed a modest growth in October, totaling US\$2.07 billion, up 3.6 percent.

BOFT said that as the US economy is still not on a clear recovery course, it has affected ROC [Republic of China] exports to the US this year.

Export to the US totaled US\$19.74 billion in the first ten months of the year, up seven percent from the same time last year. Imports from the United States reached US\$12.6 billion, up 6.1 percent.

Judging from the trend, BOFT said, the ROC may fail to fulfill its commitment to cut the trade surplus with the US by 10 percent annually.

While exports to the US continued to rise, exports to Japan has worsened in the first ten months, with Taiwan suffering a deficit of US\$10.05 billion.

Exports to Japan reached US\$744 million, down 5.6 percent from last year. BOFT said that the prospect of increasing exports to Japan seems gloomy this year.

Imports from Japan totaled US\$1.96 billion in October, up 10.9 percent, and this shows that Taiwan still relies too heavily on Japan.

Exports to Japan reached US\$7.51 billion in the ten-month period, showing a negative growth of 16.2 percent. Taiwan ran a trade deficit of US\$10.05 billion, or an annual increase rate of 33.6 percent.

Though trade surplus declined, export prospect for the next two to three months should be bright, with an estimated double-digit growth.

The Ministry of Economic Affairs said that export orders in October increased to US\$7.1 billion.

The ministry said that the reason for increased orders is attributable to the large appreciation of Deutsche mark and Japanese yen against the US dollar, and this helps Taiwan to increase its exports to Japan and Europe.

Booming exports to Mainland China also contributed to the increased orders, with exports of such items as machinery, electric, engineering and information products increasing rapidly.

State-Run Corporation Calls for Antidumping Rules

OW2711112092 Taipei CNA in English 0813 GMT 27 Nov 92

[Text] Taipei, Nov. 27 (CNA)—The State-run China Steel Corp. asked the government Thursday [26 November] to strengthen the enforcement of anti-dumping rules as Taiwan has become a dumping ground of foreign steel makers.

CSC President Wang Chung-yu said the country's real-effective tariff on steel imports has been cut to 3.9 percent, lower than those of most General Agreement on Tariffs and Trade (GATT) members.

Besides being one of the most liberalized countries in terms of steel trade, Taiwan has also suffered from its international status—it has difficulty enforcing its own anti-dumping rules, Wang said.

As a result of foreign dumping, he reported, the market share of domestically made steel products here has been declining. CSC products, which took a 75 percent share of the domestic market in 1990, now shrinks to only a 55 percent share.

Another reason for the declining market share is that other steel makers here have expanded their production capacities, Wang noted.

As the country is to become a GATT contracting party, Wang urged steel makers, related industries and the government to make concerted efforts to cope with the new situation.

"The industry should indeed cooperate for their own development; no less important is that the government should carry through its anti-dumping rules," Wang added.

Foreign Laborers Pose Potential Problems

OW2711112192 Taipei CNA in English 0802 GMT 27 Nov 92

[Text] Taipei, Nov. 27 (CNA)—The importation of foreign workers has helped ease labor shortage here, but has endangered public health and hurt local people's job opportunities, the Council of Labor Affairs (COLA) said Thursday.

A COLA report said that only 20 percent of the 60,000 foreign workers who have been granted working permits have actually arrived and started work here.

As the number of arrivals increases, the report said, the impact on the local society by the introduction of foreign workers will also rise.

The report cited several drawbacks of importing foreign workers. For one thing, the report said, foreign laborers may bring with them [words indistinct] will hinder the government's disease prevention efforts.

Secondly, local workers may lose their jobs to foreign laborers, who usually work for lower wages.

The abundance of cheaper foreign labor will make employers less willing to raise wages, the report said.

Overdependence on foreign labor may hurt local industry as they are only allowed to stay for limited periods of time, the report said.

Foreign workers may endanger Taiwan's social security, the report warned. So far, 74 legal foreign workers have intended to leave their employers, and 51 of them are unable to be located by the employers who hired them.

Economic Growth Expected To Top Four Asian Dragons

OW2611101992 Taipei CNA in English 0756 GMT 26 Nov 92

[Text] Taipei, Nov. 26 (CNA)—Taiwan's economic growth will top the "four Asian little dragons" next year, Vice Economics Minister P.K. Chiang said Wednesday.

Citing a report of the Ministry of Economic Affairs (MOEA), Chiang pointed out that the projected 6.52 percent growth for 1993 will be better than South Korea's 6.5 percent, Hong Kong's six percent, and Singapore's 5.5 percent.

While reporting that the third quarter saw a lackluster 5.16 percent growth, the MOEA also forecast that the domestic economy will rise at an annual rate of 6.11 percent this year, lower than the 6.42 percent target.

The vice minister, however, painted a rosy picture for next year. With the gradual economic upturn of major industrialized countries and the increased investments at home, Taiwan is expected to post a gain of 6.84 percent in gross national product (GNP), a country's total output in goods and services, he said.

KMT Firm Against Independence, Hasty Unification

OW2611082592 Taipei CNA in English 0808 GMT 26 Nov 92

[Text] Taipei, Nov. 26 (CNA)—The ruling Kuomintang reiterated Wednesday [25 November] that the China in

the party's "one China" policy refers to the Republic of China [ROC], not the "People's Republic of China."

KMT spokesman James Chu told a news conference that a 13-member political task force under the party's Central Committee met for two hours Wednesday afternoon to discuss its definition of "one China."

The panel came up with an important resolution which upholds the National Unification Council's (NUC) definition of "one China," Chu noted.

All the panelists agreed that the party's "one China" interpretation should reflect the letter and spirit of a statement issued by the NUC in August on the nation's "one China" policy, Chu reported.

The NUC statement calls for a three-phase step-by-step progression towards the unification of China which is now divided into two areas and ruled by two equal political entities.

Chu said the KMT stands firm against Taiwan independence, hasty unification, and calls for "one China, one Taiwan."

The party also insists that China should be unified under democracy that promises freedom and an equitable distribution of wealth, Chu stressed.

He said the KMT political panel is drafting a statement concisely explaining the party's stance on the "one China" issue. The statement is expected to be released next Wednesday for use by KMT candidates running in the forthcoming legislative election.

In the statement, Chu said, the party will stress that before reunification, people living in the Republic of China, regardless of when they arrived or where they were from, should strive together as they are in the same boat.

Local people should help build Taiwan, improve its national strength and promote cultural, economic and trade exchanges with the mainland as a step toward reunification, Chu said.

Moreover, Chu said, the KMT insists that the "one China" refers to the Republic of China so that it will not fall into Peking's "one country, two systems" ploy.

Chu said the political panel whose members include Premier Hao Po-tsun, KMT Secretary-General Sung Chu-yu and Judicial Yuan President Lin Yang-kang did not discuss disciplinary measures for "one China, one Taiwan" advocates in the party, adding that such matters were for the KMT Discipline Committee to handle.

KMT Elections Win Best Guarantee for Development

OW2711112492 Taipei CNA in English 0820 GMT 27 Nov 92

[Text] Taipei, Nov. 27 (CNA)—The ruling Kuomintang [KMT] should win the year-end legislative election in order to ensure stability and prosperity in the Republic of China [ROC] on Taiwan, president Li Teng-hui said Thursday [26 November] in his capacity as KMT chairman.

Li made the remarks during a dinner with KMT provincial government officials and assemblypersons in Chunghsin New Village in central Taiwan, site of the provincial government.

The president said the Dec. 19 vote is very important for Taiwan's political development as it is the first time in more than 40 years that all seats in the Legislative Yuan are being contested.

As such, Li said, the election will have a profound effect on both the country and the Kuomintang. "The ruling party must not lose the race," he added.

Li said, no other local political party has the ability to rule the country at the moment. "A KMT win is therefore the best guarantee for Taiwan's sustained economic growth and political advancement," he stressed.

Li expressed the hope that KMT members working in the provincial government and the provincial assembly will help KMT candidates in their campaign bids, and said also that the KMT will see to it that its party platforms reflect public opinion and meet public demand.

Li began his three-day swing through northern and central Taiwan early yesterday morning to bolster the campaigns of KMT candidates running in the December election.

The president was accompanied by Cheyne J. Y. Chiu, deputy secretary-general of the Presidential Office, Sung Chu-yu, KMT secretary-general, Lin Feng-cheng, head of the KMT Taiwan provincial headquarters, as well as local government officials.

Before arriving in Chunghsin New Village, Li and his entourage stopped over in Taoyuan, Hsinchu and Miaoli to meet with grass-roots community leaders and KMT legislative candidates. Li will continue his election campaign tour in central Taiwan over the next two days.

Hong Kong

New Deputy Director of XINHUA Hong Kong Branch

HK2711033392 Beijing XINHUA Hong Kong Service in Chinese 1521 GMT 26 Nov 92

[Text] Beijing, 26 Nov (XINHUA)—Ulanmulun, assistant minister of foreign economic relations and trade, was recently appointed deputy director of the XINHUA Hong Kong Branch by the State Council.

Informed sources have said that Ulanmulun, a Mongolian who is now 57, was director of the Bureau of Foreign Economic Cooperation (now the Department of Foreign Economic Cooperation) before he became assistant minister of foreign economic relations and trade in 1988.

Graduating from the Beijing Institute of Foreign Trade (now University of International Business and Economics) in 1959, Ulanmulun has also been appointed first secretary or counselor of the Chinese Embassy in Albania, Yugoslavia, and South Yemen.

Patten's Constitutional Package Criticized

HK2611124692 Beijing SHIJIE ZHISHI in Chinese No 22, 16 Nov 92 pp 2-4

[Article by Jin Ma (6855 7456): "Commenting on Chris Patten's 'Constitutional Package'"]

[Text] Hong Kong's new Governor Chris Patten took office in July. After several months' preparations, he delivered his first policy speech to the Hong Kong Legislative Council [Legco] on 7 October. In his 30,000-character policy speech, entitled "Our Next Five Years: The Agenda for Hong Kong," Patten tried to create something different and changed previous Hong Kong governors' traditional practice in delivering policy speeches. He flaunted the banner of democracy and used lengthy passages to put forth his program for reforming Hong Kong's political structure and making major changes in Hong Kong's current political structure in violation of the Sino-British Joint Declaration and the Basic Law of the Hong Kong Special Administrative Region [SAR].

The main contents of Patten's scheme can be generalized into the following points:

With regard to the relationship between the executive authorities and the legislature in Hong Kong, the policy speech decided: 1) The nonofficial membership of the Executive Council [Exco] and the Legco should be separated so that there will be no overlapping membership between the two sides, and the Legco can become an independent organization that can counterbalance the government (in the past, some people were concurrently members of both the Exco and the Legco, and this ensured that Exco decisions would not be obstructed by the Legco). 2) The new Exco should be made a nonparty political body and only independent people without

party affiliation should be appointed to the Exco. 3) The governor will no longer be concurrently Legco president, and the president is to be elected by Legco members from among themselves. And 4) a Government-Legco Committee composed of relevant government officials and some Legco members should be set up to discuss and handle legislative and financial affairs.

With regard to the arrangements of the 1995 Legco elections, the policy speech proposed: 1) lowering the voting age from 21 to 18; 2) adopting the single vote, single seat system for direct elections in geographical constituencies; 3) increasing the number of voters in functional constituencies by replacing the current form of corporate voting with individual voters; and extending the franchise of the nine new functional constituencies to the entire working population; 4) expanding the functions and powers of the district boards, and discontinuing the appointed membership in the district boards, the Urban Council, and the Regional Council; 5) forming an Election Committee composed of directly elected district board members to return 10 members to the Legco.

The Chinese Government responded quickly to Patten's policy speech. Spokesmen for the Foreign Ministry, the State Council Hong Kong and Macao Affairs Office, and the Hong Kong XINHUA Branch issued statements, pointing out that Patten's constitutional package, which was aimed at making major changes in Hong Kong's current political structure, was not discussed with the Chinese side before it was announced, and this was out of keeping with the Sino-British Joint Declaration provision on strengthening consultations and cooperation between the Chinese and British Governments in the late transitional period by subjecting measures concerning smooth transition to the two sides' common consideration. They claimed that the package also violated the British side's promise to make the development of Hong Kong's political structure converge with the Basic Law and the relevant understandings reached by the Chinese and British sides. What Patten intended would certainly cause an obstacle to Hong Kong's smooth transition and the smooth transfer of government. They also pointed out that if any changes out of keeping with the Basic Law occur in Hong Kong's late transitional period, the Chinese side will bear no responsibility. The Hong Kong SAR Government and the institutions concerned will be set up according to the Basic Law and the relevant National People's Congress decisions. At the same time, people in various sectors of society have many misgivings about Patten's package and have expressed stronger and stronger opposition.

However, with the British Government full support, Patten insisted that the political reform program in his policy speech did not go against the Joint Declaration and the Basic Law, and he would continue to carry it out even if there was opposition from the Chinese side. People cannot help but ask whether the "decisions" and

"proposals" concerning the constitutional system in Patten's policy speech were indeed as good as he said and were in line with the Joint Declaration and the Basic Law as he claimed.

Violating the Joint Declaration and the Basic Law, and Causing Difficulties to Convergence

How to develop the political structure in Hong Kong's transitional period is a major issue of far-reaching influence, because it concerns the smooth transition and the smooth transfer of government in 1997 and concerns Hong Kong's social stability and economic prosperity. The Chinese Government constantly holds that there should be no major change in Hong Kong's political structure before 1997, and its development should be gradual in light of Hong Kong's actual conditions and must converge with the Basic Law. This is a basic precondition for Hong Kong's smooth transition. The Sino-British Joint Declaration and the Basic Law already form the framework for the development of Hong Kong's political structure: The current social and economic systems in Hong Kong will remain unchanged; the life style will remain unchanged; and the laws currently in force will remain basically unchanged. The Basic Law also stipulates the principle that Hong Kong's political structure should develop gradually in an orderly way in light of the actual conditions. However, the constitutional package in Patten's policy speech almost changed the whole structure and operational form of Hong Kong's current political system, and its general spirit goes against the stipulations and spirit of the Joint Declaration and the Basic Law, and violates the principles of "keeping things basically unchanged" and "developing gradually in an orderly way."

One may easily find the points that go beyond the provisions of the Joint Declaration and the Basic Law in the contents of the constitutional package of Patten's policy speech, either in the points of raising the Legco's status and role and replacing the traditional executive-led pattern with the legislative-led pattern or in the concrete arrangements of the 1995 Legco elections. Here, we just pick up two points to discuss.

First, the issue of elections by the functional constituencies. The Basic Law stipulates that the first SAR Legco is composed of 60 members, with 20 returned by geographical constituencies through direct elections, 30 returned by functional constituencies, and 10 returned by an election committee. The British Hong Kong Government designed the functional constituency election system in light of Hong Kong's special conditions in its historical and social development and was put into practice in 1985. It was aimed at ensuring that representatives of the business circles, professionals, and some organizations that were playing a special role could enter the Legco, thus complementing and balancing the results of direct elections. In consideration of the existing situation in the development of democratic politics in Hong Kong and to give expression to the principles of gradual evolution and balanced participation, the Basic Law

affirms such an election form. The functional constituency election specified by the Basic Law is a kind of indirect election based on corporate voting. This was also the consensus reached by all Basic Law Drafting Committee members, and was the common understanding held by the Hong Kong community. However, Patten's policy speech expanded the franchise of voters in the functional constituencies and added a number of new functional constituencies to give the voting right to all individuals in the entire working population. This in essence will turn the functional constituency election into universal suffrage in various trades. The nine additional seats returned by the new functional constituencies will become seats returned by direct election in a varied form. This constitutes a major change to the Basic Law's provisions and spirit. It obliterated the special connotation of the functional constituency election, and made the arrangement of elections by the functional constituencies meaningless. At the same time, in the nine additional functional constituencies, every person will have a vote. So these people will then be able to vote twice. This will be unfair to other voters who can only vote once. The Basic Law stipulates that the delimitation of functional sectors and corporate bodies, their seat allocation, and election methods will be specified by an electoral law introduced by the Hong Kong SAR Government and passed by the SAR Legco. However, Patten tried to change the method of returning Legco members by functional constituencies before 1997. Obviously, he tried to create a fait accompli and forcefully impose it on the future SAR government. The Hong Kong governor exceeded his power by doing this.

Second, the Election Committee issue. According to Basic Law Annexes I and II, the Election Committee is responsible for election of part of the Legco members, and it should be of broad representation. It is composed of 1) people from the industrial, commercial, and financial sectors; 2) professionals; 3) people from the labor, social services, religious, and other sectors; and 4) Legco members, representatives of district-based organizations, Hong Kong deputies to the National People's Congress, and Hong Kong members of the National Committee of the Chinese People's Political Consultative Conference—with people from each of the four groups accounting for 25 percent of the total membership. The concrete method of forming the first SAR legco will be specified by the Hong Kong SAR Preparatory Committee. If the Legco formed in 1995 comes into line with the requirements concerned, with the confirmation of the SAR Preparatory Committee, it can become the SAR Legco in 1997. Therefore, the 1995 Legco election arrangements, including the forming of the Election Committee, should come into line with the relevant Basic Law provisions. The seven documents exchanged by the Chinese and British Governments on Hong Kong's political structure made public by our country on 28 October show that the British side promised to discuss the Election Committee's establishment in 1995, and said that if understanding could be reached by the two sides, the British side would introduce the election

form of the Election Committee to the 1995 legislature. The British foreign secretary also once again confirmed to Chinese Foreign Minister Qian that the British side agreed with the Election Committee arrangement devised by the Chinese side—that is, setting up the Election Committee according to the composition proportions specified by Basic Law Annex I. However, in his policy speech, Patten proposed that the Election Committee be completely or mostly composed of district board members, while all district board members will be direct elected (at present, about one-third of district board members are appointed). In 1995, such an Election Committee will return 10 members to the Legco. Thus, the 10 seats for indirect elections through the Election Committee would also be turned into seats open to direct elections in a varied form. This is contradictory to the relevant provisions of the Basic Law, and violates the understanding reached by the Chinese and British sides through diplomatic channels.

Once Patten's political reform program is put into practice, it will inevitably cause a tremendous obstacle to convergence with the Basic Law. Hong Kong's stability and prosperity will be harmed, and it will be hard to guarantee smooth transition and smooth transfer of government. The consequences will be very serious.

Challenging Sino-British Cooperation, Harming the Interests of the Hong Kong People and the Two Sides

Patten unilaterally announced his policy speech without consulting the Chinese side beforehand and without regard to the opinions and warnings seriously aired by the Chinese side. Such practice violated Joint Declaration provisions and showed that the British side was not sincere about cooperation. The Sino-British Joint Declaration stipulates that the two states will carry out close cooperation in Hong Kong's transitional period, and will "continue their discussions in a friendly spirit and develop the cooperative relationship which already exists between the two Governments over Hong Kong with a view to the Joint Declaration's effective implementation." The Joint Declaration also specifies the concrete matters for joint consideration by both sides in the late transitional period, including the measures to be adopted for the smooth transition in 1997. In September last year, Prime Minister Major visited China, and the two governments signed the "Memorandum of Understanding [MOU] on the Construction of the New Airport in Hong Kong and Relevant Issues." The MOU explicitly points out: "The two governments both hope that as 30 June 1997 is drawing near, they will strengthen consultation and cooperation over Hong Kong." Now, there remain less than five years before the coming of 1997. To safeguard Hong Kong's prosperity and stability and to ensure the smooth transition and the smooth transfer of government, it is of special importance that China and Britain maintain good cooperation and intensify their consultations. The part of the policy speech on the reform of Hong Kong's political structure is precisely an important matter concerning Hong Kong's smooth transition, and it should be discussed by the Chinese and

British sides in order that a consensus of opinion be achieved through the joint consideration. However, on such an important issue that has a bearing on the overall situation, Patten just went his own way without consulting the Chinese side to seek a consensus of opinion. He revealed the contents of his policy speech to the mass media before he officially announced it, and then went ahead to unilaterally announce it to the public in an attempt to create the so-called "wishes of the people" to force the Chinese side to accept his program. This was an action of openly provoking a dispute, and was a challenge to Sino-British cooperation. The Joint Declaration was a product of Sino-British cooperation, and forms the foundation for Sino-British cooperation. Now, Patten has discarded the Joint Declaration and pursued confrontation rather than cooperation. This has not only harmed the interests of China and Britain, but also endangered Hong Kong's prosperity and stability, harmed the interests of Hong Kong people, and set an obstacle to Hong Kong's smooth transition and transfer of government in 1997.

What people in Hong Kong really hope is that China and Britain will cooperate sincerely over Hong Kong; that Hong Kong's development in all fields will converge with the Basic Law; and that Hong Kong's long-term prosperity and stability will be maintained. If one is really willing to follow the wishes of the people, one should effect all this.

Indulging in Talking About Democracy and Posing as Savior of Hong Kong People

Patten's reform program was forwarded in the name of expanding "democracy." In his policy speech, he talked a lot about "democracy," saying that "the people of Hong Kong all hope for broader democracy," that "we must enable the people of Hong Kong to have a larger degree of democratic participation in the conduct of Hong Kong's affairs." He also said that he spent his entire career engaged in a political system based on representative democracy. It seemed that he was the "savior" of the people of Hong Kong and that Hong Kong's democracy had to be bestowed by him as a favor.

While exercising colonial rule over Hong Kong for a long time in the past, Britain was not interested in developing democracy. However, after Hong Kong entered the transitional period for returning to China, Britain again and again raised the issue of quickening the pace of democracy in Hong Kong and adopting a democratic political system. With the time of Britain's withdrawal drawing near, Patten is now wildly beating drums and gongs, and is intensifying his efforts for this. People cannot but get doubtful about the real intention of the British side. What do they really want to do? In the past 150 years of ruling Hong Kong, when did it talk about and pursue democracy? To what degree could the people of Hong Kong participate in the conduct of their own affairs? History is a mirror. By reviewing the history of the British colonial rule over the past 150 years in Hong Kong, people may easily find how hypocritical Britain's intention is in stepping up the construction of a democratic

political system. What they actually want is just to try hard to maintain their colonial interests and influence.

The democracy that Hong Kong actually needs is a democracy gradually developed in light of Hong Kong's conditions, and a democracy that is favorable to the maintenance of Hong Kong's prosperity and stability. The Joint Declaration and the Basic Law provide full guarantees for this. The Basic Law outlines a much higher degree of democracy as compared with that in the period of the British colonial rule. Hong Kong residents are well aware that democracy in Hong Kong cannot be developed at the expense of Hong Kong's prosperity, stability, and smooth transition, because this is out of keeping with the Hong Kong people's long-term interests.

The development of democracy is a process of evolution, which must be kept in line with the local conditions and cannot be imposed forcefully by anybody. In Britain, it took more than 200 years to proceed from the commencement of bourgeois democracy to the adoption of universal suffrage. At present, the Upper House of the British Parliament is still pursuing an appointment system, and its members are far from being directly elected by the people. The development of the democratic system in Hong Kong must be kept in line with Hong Kong's specific conditions, and should naturally follow a course of gradual practice and orderly evolution.

People in the world still clearly remember how Britain left various troubles behind after withdrawing from its previous colonies and thus caused political unrest and economic stagnation to local communities. Now, as a prospering country, the PRC is no longer a country being trampled upon wantonly by foreign powers as old China was. That history must not be allowed to be repeated in Hong Kong. If the British side still perversely clings to its course, it will just result in lifting a rock only to drop it on its own feet and will eventually cause losses to the British interests.

Does He Perversely Cling to His Own Way and Obstinate Carry on Confrontation Rather Than Returning to Cooperation?

What we mentioned above showed that the constitutional package in Patten's policy speech was completely contradictory to the provisions and spirit of the Joint Declaration and the Basic Law. It in fact meant that Patten had deliberately cast aside the Joint Declaration and the Basic Law and was bent on starting something different. As the last Hong Kong governor, Patten should have conscientiously implemented the Joint Declaration, prudently handled the important issue concerning Hong Kong's political structure, striven to make the development of Hong Kong's political structure converge with the Basic Law, and made contributions to Hong Kong's prosperity, stability, and smooth transition. However, Patten wanted to "accomplish something greater." He took the Hong Kong people's interests and the future of Hong Kong as his gambling stake to effect

Britain's so-called "glorious withdrawal." As former Singapore Prime Minister Lee Kuan Yew said, Patten's policy blueprint looked like an action timetable worked out by a national leader to mobilize the masses to win independence in a colony and does not look like a farewell plan of the governor of a colony, and this completely goes against the role he should play. What Patten did was extremely irresponsible to the Hong Kong compatriots. The only responsible practice before 1997 is to ensure that the development of Hong Kong's political structure converge with the Basic Law.

After Patten announced his policy speech, he visited Beijing in late October. Reportedly, during his visit to Beijing, the relevant Chinese officials frankly exchanged opinions with him on the development of Hong Kong's political structure and other issues. The Chinese side explicitly expressed its own position, concretely analyzed the points in Patten's program that violate the Joint Declaration and the Basic Law, and pointed out that Patten's plan posed a challenge to Sino-British cooperation. The Chinese side also hoped that the British side would prudently consider the Chinese side's position. However, Patten obstinately clung to his own course and stuck to his own position. He even said that next spring will be the time limit; after that, the package will be submitted to the Legco for approval. Thus, people are worried about Hong Kong's prosperity and stability and the vista of Hong Kong's smooth transition in 1997. The Chinese side has explicitly expressed its attitude. That is, it hopes for cooperation, and does not want to see confrontation; however, if the British side disregards the cooperative relationship between China and Britain and disregards Hong Kong's future, and if it ignores the provisions of the Joint Declaration and the Basic Law by starting something different, thus impeding Hong Kong's political structure before 1997 from converging with the Basic Law, affecting Hong Kong's smooth transition and smooth transfer of government, and causing social unrest in Hong Kong, then the Chinese side will bear no responsibility at all. In that case, the Chinese Government will establish the Hong Kong SAR Government and relevant institutions according to the Basic Law provisions and the relevant National People's Congress decisions. China is completely able to maintain Hong Kong's prosperity and stability.

People are now seeing what course Patten will follow.

Li Peng Meets With Hong Kong Visitors

OW261112492 Beijing XINHUA in English 1030
GMT 26 Nov 92

[Text] Beijing, November 26 (XINHUA)—Chinese Premier Li Peng met with Dr. Aw Sian, executive chairperson and group managing director of the Sing Tao Holdings Ltd. of Hong Kong, and her party here this afternoon.

Briefing the visitors on the economic and cultural development on the mainland, Li said that since the reform

and opening to outside world began in the late 1970s, great changes have taken place on the mainland.

He welcomed Dr. Aw Sian and her relatives and friends to visit the mainland more often.

Dr. Aw Sian thanked Li Peng for his meeting.

Zhu Lin, wife of premier Li peng, and Lu Ping, director of the Hong Kong and Macao Affairs Office under the State Council, were present at the meeting.

Dr. Aw Sian, who arrived here Monday, is scheduled to return to Hong Kong tomorrow.

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